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POLICY Review

OCTOBER & NOVEMBER 2001, NO. 109, $6.00

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SEPTEMBER 11 & SEPTEMBER 10
TOD LINDBERG

COLLECTING THE ANTI-TERROR COALITION
JEFFREY GEDMIN

EUROPE'S "SOCIAL MARKET"
CHRISTOPHER CALDWELL

THE UNITED STATES AND RUSSIA
JAMES M. GOLDGEIER

ALSO: ESSAYS AND REVIEWS BY
JOSEPH V. KENNEDY, STANLEY KURTZ,
AND THOMAS J. MAIN

A PUBLICATION OF THE HOOVER INSTITUTION
STANFORD UNIVERSITY

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September 11 & September 10

By Tod Lindberg

The terrorist attack on the United States on September 11, 2001, invited, if it did not indeed compel, wholesale reconsideration of the times we live in and the way we live in them. What once seemed to most Americans like a period of unprecedented prosperity and peace, now — with the towers collapsed, the Pentagon scarred, and more than 6,000 dead — seems more akin to a period of sustained illusion. We are thoroughly alienated from the point of view that was our very own September 10 and before: namely, that things were pretty good in and for the United States of America. Now — standing as the United States does between the opening salvo and the final volley in a war that is both necessary to win and entirely a matter of conjecture as to its course, duration, dimensions, and lethality — most everything we thought September 10 has been superannuated.

Some have said that this is not the same country it was September 10, or that the world changed forever September 11. But that amounts to an exercise in displacement. The world on September 10 was exactly the one in

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which the forces leading up to the next day's events had long been gathering. The country September 11 was the one whose history in its entirety shaped the response to that day (and an encouraging response it was). No, what has changed is each of us, in a universal reaction taking as many particular forms as there are people — anger, sadness, fear, gratitude, love, restlessness, and more, in every imaginable combination, having in common only that each was real not just in itself but also in the gulf separating it from what one felt September 10. It is as if the frame of mind of September 10 was negated as decisively as the lives of the victims — repudiated with finality. Whatever we might have been thinking September 10, we were wrong.[1]

Of course, some people emerged, with varying degrees of insistence and taste, to say that they had told us so. Some suggested that if only we had listened to them, we might have prevented this attack, or that if only we had pursued a different policy course, we might have fared better, or, at a minimum, if only we had truly heard them, we would at least have been prepared in our own minds with a better understanding of the true character of the world in which we live. A few of them had genuine insights to offer, but in the main, these claims to the gift of prophecy were overblown. Once something catastrophic happens, we can see with perfect clarity what we "should" have done. But not necessarily before the catastrophe, when the very things that it will turn out we should have done are competing with all the other things we might do or not do. This is not intended as a counsel of fatalism or passivity; one does one's best to anticipate and ward off trouble on the strength of one's convictions about which possibilities are more likely than the others. But one's best may not be good enough. The Boy Scout motto, "Be Prepared," is both good advice to follow and an impossible standard to meet. And it is only when we turn out not to have been prepared, by the arrival of something for which we were unprepared, that we become fully aware of our condition of unpreparedness.

The highly particular exercise in recriminations undertaken at the direction of the soothsayers who were correct in this case is, I think, petty in comparison with the massive recriminations under way within the breast of most of us, the soothsayers included. This is a far larger matter than what more we could or should have done to prevent the attack or mitigate its effects. It amounts to a change in the totality of our sense of ourselves, a full-scale revision of the opinion we ourselves had of ourselves as recently as September 10. How could we have been so wrong-headed? How could

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[1] Like most commentators, I write from the particular perspective of a fortunate position within American society and as a partisan in a nation at war. There will be times in which my use of "we" will be subject to the criticism that it is inclusive only insofar as one is similarly situated. For example, it is clear that the experience of prosperity is hardly universal. Readers should approach the "we" in this piece in the context in which it appears, deciding for themselves whether the generalization is meaningful.

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those have been our preoccupations, *those* our grievances and complaints and sorrows, *those* our desires, *those* our expectations, *those* our priorities?

Well, we have indeed changed. And it is undeniably useful to engage in serious self-scrutiny, to be a little hard on one's self (for a change?) — even if, alas, the prod to self-scrutiny was a horrendous terrorist attack, raising the unpleasant prospect that it takes no less to shake up complacency. But I think that in taking a look at ourselves, we would not do well to repudiate and try to forget our September 10 preoccupations, grievances, desires, expectations, and priorities. If they were petty by comparison with our concerns today, they were not merely petty. Collectively, they also constitute, I think, a vision — a glimpse of the world we want to live in, how we will live in it, how it will feel to live in it. That this glimpse turned out to be fleeting — that we are, demonstrably, a long way from the world we want — ought not to discredit our vision of that world. We must fight now, but not only for survival: also to take a step closer to the world of our imaginings September 10.

THE PAST CENTURY has been a time of terrible wars and strife, but also of what most of us would call progress — which is to say, motion in a particular direction, and a desirable one. World War I marked the end of the pretensions of monarchical rule in Europe; World War II saw the defeat of Nazism and Japanese militarism; the Cold War ended with the collapse of Soviet communism. Francis Fukuyama's famous argument in *The End of History and the Last Man* described a world in which democratic capitalism had emerged as the single answer to the question of how human affairs should be ordered. That much of the world was and is still "in" history, and therefore engaged in violent struggle of all kinds, including with the parts of the world ordered according to the principles of democratic capitalism, did not diminish the irreversible character of the final answer. No other system, historical or imaginable, could satisfy the requirements of a human spirit now conscious of its own freedom. The philosopher G.W.F. Hegel believed he had seen the end of history in Napoleon's march across Europe, the start of the spread of the universal consciousness of freedom. The apparently new forms of tyranny that would come later, for example national socialism and communism, were doomed to fail on the grounds that they were erected in violation of — and in order to violate — the freedom now conscious of itself as free. For the post-historical world, there was simply no going back to feudalism, slavery, despotism.

More than "merely" democratic and capitalist, this world is also an ethical community — and its democratic and capitalist aspects do not precede but rather derive from this ethical community. To Hegel, the essential characteristic of this community is "recognition." When two people from it meet, each sees the other as fully human and free. Each wants to be recognized as free by another person who is free and equal, and in turn each rec-

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ognizes the other as free and equal. Hegel's first ethical precept is, "Be a person and respect others as persons."[2]

This is relevant to the consideration of the idea of progress, in that this ethical community is in potential the totality of mankind — but in actuality, i.e., at present, a subset of mankind. It is, however, an expanding subset, and its expansion is the essence of "progress." That the world is far more democratic today, that it is far more liberal in terms of its political economy, that the desire for freedom is manifest in certain areas that remain unfree, that the ability to participate in the liberal political economy is often eagerly sought by people whose own national economies are not especially liberal — all of this is an indication of the expansion of the ethical community of mutual recognition. That those in democratic countries do not wish to change their form of government and only rarely produce revolutionaries prepared to risk their lives to overthrow democracy; that people who participate in generally liberal economies show no enthusiasm for any choice that might seriously jeopardize their material prosperity — here are indications that de-recognition and the contraction of the ethical community do not much take place. The world, or in any case the part of the world "in" history in conjunction with the post-historical world — leaving aside, that is, the parts of the world that do not even seem to have "entered" history, on account of the absence of any consciousness of human freedom — does not in general fluctuate randomly between consciousness of freedom and obliviousness toward freedom, or therefore, between democracy and despotism. The movement is one way only.

And there is an endpoint: the actualization of the potential of the ethical community, which is to say, mutual recognition of all persons by all persons. This is what "progress" points toward.

Now, this may be wrong, indeed, all wrong. Radical contingency may be the true condition of man, and all that looks to us like progress may be illusory, our current condition a way station to future oblivion — in which case, nothing matters in any permanent sense. On the other hand, this account, though entirely secular, also has resonance with Biblical and other accounts of an "end" to which the human condition aspires. As Kenneth Anderson of

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[2] *Philosophy of Right* (Oxford University Press), sec. 36. Francis Fukuyama began this reexamination of historicism in *The End of History and the Last Man* (Avon Books), drawing heavily on the philosopher Alexandre Kojève's *Introduction to the Reading of Hegel* (Cornell University Press) and standing Kojève's Marxism on its head. Also very useful is Kojève's *Outline of a Phenomenology of Right*, now available in an English translation by Brian-Paul Frost and Robert Howse (Rowman and Littlefield), whose introductory essay is compelling in its claims for the insight Kojève's thought provides into current affairs. Also invaluable is Robert R. Williams's *Hegel's Ethics of Recognition* (University of California Press) for establishing the centrality of "recognition," what Williams calls an "ethics of intersubjectivity," in Hegel's thought.

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American University's law school, himself a strong critic of what he sees as unvoiced eschatological assumptions behind much of the current thinking about international law, noted in the *Times Literary Supplement* the week after the attack:

> Inevitably the preachers reached, as in other churches across the land, for the words of Isaiah 2:4, "they shall beat their swords into ploughshares, and their spears into pruninghooks: nation shall not lift up sword against nation, neither shall they learn war any more." It is curious how infrequently this exemplar of eschatological peace is connected with the conditions which the prophet specifies for it to come about: "And it shall come to pass in the last days, that the mountain of the Lord's house shall be established in the top of the mountains, and shall be exalted above the hills; and all nations shall flow unto it. And many people shall go and say, 'Come ye, and let us go up to the mountain of the Lord.' . . . For out of Zion shall go forth the law, and the word of the Lord from Jerusalem."

The prophecy of the Hebrew Bible is revisited in the New Testament: Christ, having in his time on earth taught people all that they need to know about how to live, will return to reign over them in peace.

The question of whether these eschatological visions are true — while it is somehow an ultimate question, the question of the collective destiny of humanity — does not exhaust the interest of these visions. Would anyone deny their beauty? Or that they are, in some sense, good? If a universal ethical community of mutual recognition is the end-state to which human beings aspire — or a world in which the Golden Rule, "Do unto others as you would have them do unto you," is the practice of everyone — might not the awareness of this aspiration improve behavior along the way? Might we not be more rather than less inclined to see the humanity in the Other?

What would it be like to live at a time when "all nations shall flow unto" the Lord's house, when all are brothers and sisters, when an ethical order of intersubjectivity shapes the relations of all to all? Well, to begin with, it is a time in which we are all equal in our complete satisfaction. In the Marxist extension of Hegel, this required the familiar principle of distributive justice: "from each according to his ability, to each according to his needs." John Rawls in *A Theory of Justice* offers a distributive principle from a liberal perspective. Surely there is a material component to this satisfaction. Yet there is no certain reason to think that the sense of complete satisfaction common to these visions is primarily material. People can be different in their particularity — indeed, they must be, to be conscious of themselves as distinct from others; intersubjectivity implies a sense of oneself as subject in distinction from another subject — while at the same time satisfied in their recognition by all other human beings as free and equal in that freedom (or as equal in sharing God's law or watchful love).

Since there is only one state, and everyone in it is satisfied, there will be

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no war and no revolution. In point of fact, it is not entirely clear that this universal entity is a "state" properly so-called, precisely because it has no enemies and cannot have any enemies. It is the irresistible sovereign. Yet no one resists. There is no politics because the problems of politics have been solved. All individual relations within the state (under the law of Zion) or with the state (with the Lord) are relations of right. The state is a disinterested third party capable of enforcing rights or law in all interactions — or put another way, God will dispense perfect justice.

And there will be no crime. Human beings will not murder human beings, because each will see herself in the other — as free and equal only insofar as all others have an equal claim to their own freedom and equality.

Finally, then, human beings will have nothing to fear from each other. Will they fear death? Yes, insofar as death is the one human thing unknowable to humans. But they will no longer fear violent death at the hand of another. People will no longer, in short, be bourgeois as Thomas Hobbes breathed life into the bourgeois in an attempt to create a politics different from its natural state of all against all. The bourgeois fears violent death, and so will not risk his life in an attempt to obtain satisfaction. There is still politics in Hobbes's state, but not a life-and-death politics. Yet the fear of violent death remains close because of a fear of rebellion against the law of the state, in the form of crime or revolution, and especially on account of the possibility of the clash between states: war.

In the absence of the possibility of war, revolution, and crime — His kingdom come, or within the universal ethical community of mutual recognition — the essential attribute of the bourgeois is no more. Human beings need not fear violent death because no human beings will want to visit violent death on others. The world in which they live is a well-ordered place in which they are fully satisfied, either by each's recognition of each as free and equal or by serving a God Who created each in His image.

What will they do, the people in this world? Work, play, love, pray — or, in the secular vision, perhaps contemplate the beauty of the end-state of human beings in the universal ethical community of recognition of the freedom and equality of each.

Who are these people? We are.

Or at least, we acted as if we were — until the morning of September 11, when violent death reimposed itself upon reality and our consciousness and we rediscovered our bourgeois selves. Perhaps from the end of the Cold War and the emergence of the United States as the "sole superpower," perhaps from the end of the threat of global thermonuclear war, perhaps from the tenacity with which democracy took hold in Central and Eastern Europe and Latin America, perhaps from the extraordinary period of economic growth during the final two decades of the twentieth century and the unimaginable accumulation of wealth world-

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wide, perhaps from the convergence of the policies of the two American political parties in support of market economics and a social insurance system and the convergence of the platforms of democratic parties around the world on similar agendas, perhaps from the widespread success of market economies throughout the world and the relative ease with which shocks to the economic system were absorbed, perhaps from the sense of the seemingly infinite promise of technology and the information economy, perhaps from the promise of "globalization" as an engine not only of worldwide prosperity but also of political stability and democratic reform as more and more people became stakeholders in the world political economy, perhaps from the stunning military victories driving Iraq out of Kuwait with minimal allied casualties and 10 years later waging an arm's-length war over Kosovo that would bring down Europe's last tyrant, perhaps from the experience of mid-year 1991 to mid-year 2001, during which there was arguably less conflict and mayhem and violent death than in any previous decade in human history — perhaps from any combination of these reasons and probably from all of them, we forgot, almost, that we could still be afraid. For us, there was no Other, no enemy, at least not one that could reach us with violent death.

There was an ethical community of us and those like us, each recognizing the freedom and equality of all other members.

Instead, there was an ethical community of us and those like us, each recognizing the freedom and equality of all the other members of the community, situated in a world presumed to consist in large measure of people who wished to join this very community. And join they did — often whole regions at a time in the case of Central Europe.

This is not to say that there was no conflict between individual members of this community, nor between the political communities, the nations, that were part of it. But these conflicts were radically attenuated compared to past conflicts. There were still crimes by individuals against others, of course (though in the United States in this period even crime rates sharply declined). But there were no revolutions, nor really attempted revolutions (not counting the sometimes violent removal of the vestiges of communism or dictatorship in many states, because these amounted to efforts to find a permanent place in the larger ethical community). And there was not much war.

Much has been made of the apparent fact that democratic countries do not go to war with each other. Francis Fukuyama has called it one of the few nontrivial generalizations one can make about international relations in the past century. Some have described a supposed "zone of democratic peace." Yet one wonders whether it is adequate to see this phenomenon solely as a product of the internal political arrangements of states. If this is solely a

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matter of state relations, it is difficult to overcome the problem Immanuel Kant identified and tried without success to solve in "Perpetual Peace": There is no binding authority on states. Anything a sovereign state does, a sovereign state can undo.

Unless, of course, there *is* an authority that can bind even states — in this case, a nascent transnational ethical community whose members are not states but the citizens of states. Their citizenship in democratic states — based, as the governments of these states are, on the equality of each citizen and, increasingly, on each citizen's recognition of all other citizens as free and equal — poses no conflict with their simultaneous membership in a larger, non-state ethical community based on the same principles. To the extent that these citizens, as citizens of a state, constitute the group that makes the political decisions of the state itself, they will cause the state's actions to conform with the ethics of mutual recognition shared in the transnational community. This distinction also rescues us from the inconvenient fact that, as Columbia University's Kenneth N. Waltz has noted, the Germany of World War I was, by most measures of the day, "democratic." In order to save the proposition that democracies do not fight each other, it is sometimes necessary to revise one's opinion of a bellicose state's "true" political character. Better to say that a state will not go to war with another state if the political decision-making group of each, each characterized by an ethics of recognition of people as free and equal in their freedom, also considers the political decision-making group of the other as free and equal in their freedom — therefore, as members of the same transnational ethical community.

The political disputes between the United States and Europe are about the importation of bananas.

So it is that the political disputes between the United States and Europe are about the importation of bananas. And if this is the character of international relations, what can one say about domestic policy? That in the world of September 10, Congress was bitterly divided between those partisans who believed patients should be able to sue their health maintenance organizations only in federal court and those who believed they should also be able to sue in state courts. Americans thought, in the world of September 10, that their biggest priorities were education and health care. How to raise children and how to live a long and healthy life will indeed be the biggest concerns of the actualized post-historical world; needless to say, Americans became acutely aware September 11 that their biggest concerns were actually very different.

There was, at the time, a noticeable and growing tendency among commentators and critics to disparage the world of September 10 (although never to cease to participate in it, not even among the anti-globalization pro-

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testors). One of the strands of criticism was along these lines: Now that market economics was all but universally accepted, even if one viewed this as a positive historical development, was it really so necessary to defend capitalism, capitalists, and the wretched excess of consumption? And what about the absurd market valuations for tech firms? Likewise, there was a creeping contemptuousness toward politics: *This* was the difference between Democrats and Republicans? They hated and despised each other over *this*? And really, were there no serious issues worth debating, nothing vital about which to contend? Nothing more important than the "Patients' Bill of Rights"? Consider just the name of that particular piece of legislation: In the late eighteenth century, the United States adopted a bill of rights guaranteeing free speech, freedom of religion, freedom of the press — and that was only part of the first of 10 amendments. At the beginning of the twenty-first century, Congress will pass legislation to settle the question of whether one may sue one's HMO in federal or state court and call it by the same name.

How different were our preoccupations of September 10? Consider this: A young woman disappeared without a trace in Washington in spring 2001. Soon thereafter, she was linked to a member of Congress named — oh, it doesn't matter. In any case, he first denied that he was romantically involved with her. But soon stories began to surface of other women with whom he had had affairs — and that the congressman had tried to persuade these women to remain silent, lest his political career be damaged. Finally, under mounting pressure from police and the suspicious parents of the missing woman, he admitted to the affair. Speculation swirled about the possibility of his involvement in the disappearance. And night after night after night, the very same cable news programs soon to be filled with the images of the collapsing trade towers and the grieving families of the dead gossiped and speculated and contemplated the political implications of the congressman's dalliance. Through September 10, it was the biggest news story of 2001.

The contemporaneous critique of the world of September 10 never became especially serious, however — not, that is, until September 11, when, looking back, much of what was there seemed to be triviality, absurdity, or even inanity.

BUT IT WAS NOT trivial, absurd, and inane — or rather, the triviality, absurdity, and inanity we now see were themselves merely the trivial, absurd, and inane byproducts of something very serious and wondrous indeed: the conditions of peace and prosperity that characterized this period and that the events of September 11 do not, in fact, refute.

A nation obsessed with a congressman's dalliance is a nation with few other serious concerns. A politics capable of selecting the venue for HMO lawsuits as the principal subject for partisan rancor is a politics that reflects an immense degree of consensus about how the nation's affairs should be

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organized (a consensus that continued after September 11, one should add, only with the partisan rancor lanced as an angry boil for the duration). Politicians may have agendas they prefer to this centrism, but they are unwilling to act on them lest they jeopardize their chance of winning elections. True disagreement with a consensus is, by definition, rare; agreement is what makes a consensus. And its existence makes for imposing social stability. For a look at different conditions, consider the United States of 1975 or the Western Europe of 1981.

We often talked about the "politics of personal destruction" in the 1990s, especially who was practicing it upon whom. But when we talked about it, we were precisely *not* talking about "destruction" in any sense in which that word bears using in the world of September 11. What we were talking about was saying bad things about mostly very famous people, people who had immense resources behind them as they endured this supposed "destruction" and who have by and large done pretty well for themselves since. Nor, for that matter, was their treatment really "personal" — surely not in the sense in which the afflictions were personal for Job. These were mostly seekers of high office, hardly a conscript corps, and they became controversial not for who they were but for the office they sought. It was over the offices that the partisans were clashing, not the lives in question.

If the "politics of personal destruction" was neither "destruction" nor "personal," it was, however, the worst of our politics. And it is good that *that* is the worst we do to each other. Not all politics in the United States is mainstream politics, of course. But here, the message is much the same: The fringes are not noteworthy for the extent to which they threaten to bubble up in violent action that will threaten the center; they are noteworthy for how quiet they are, how few people feel discontented enough to rebel in any but the most bourgeois fashion. Timothy McVeigh bombed the federal building in Oklahoma City in 1995, and his motive was political; some, though not many, of the anti-globalization protesters are willing to commit property crimes and even assault. But these are, on the whole, rare instances.

The United States has mastered bourgeois politics domestically and has even seen the beginnings of the circumscription of the bourgeois political space by an ethics of mutual recognition. Internationally, much of the world has equally mastered bourgeois politics and likewise begun to circumscribe it. As for the parts of the world where this is not the case, in the world of September 10, they seemed far away. Geographically, most are remote. The power of the United States serves as a mighty deterrent. And in many cases, the people there are fully engaged in local struggles of a complexity unfathomable to outsiders.

The peace and prosperity of September 10 were, to be sure, *our* peace and *our* prosperity. These are not the same as world peace and global prosperity. And yet they are surely a component of worldwide peace and prosperity, a part of the whole. We take the part for the whole at the risk of being disabused of this folly as thoroughly and horribly as we were September 11 —

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and also with an indifference, not even conscious of its indifference, to the fate of the rest of the human beings on the planet. Yet in doing so, we also achieve something: the imagination of a politics beyond violent death, an order in which, not out of the fear of risking one's own life but out of respect for the human person — in the form of the mutual recognition by each of the freedom and equality of all — no one kills. This is powerful, however premature. Even though it is not something we can be sure will exist anywhere but the imagination, it is something to which we should aspire.

WHAT HAPPENS WHEN the desire for recognition as a free and equal human being, which implies the desire to recognize others as free and equal human beings, this being the condition of one's own recognition, meets not a similar desire but a suicide bomber? Then what?

Then we fight. But what does it mean that we fight, and what does the fight do to our claim to want the things we say we want: a universal ethical community of free and equal human beings? In the world of September 10, we have no desire to deal death to an enemy. We are at peace; we have no enemy. Concurrent with the remission of the fear of violent death is an unwillingness to inflict violent death. (The nations of the European Union urge the United States to do away with the death penalty; this is surely a reflection of the EU's sense of itself as the avant-garde of a universal ethical community.)[3]

The essential problem is that we are confronted by people willing to risk death in order to kill us (or even to go to certain death in order to kill us). If we do nothing, they succeed. The prospect is, precisely, oblivion — not only for ourselves but also for the idea of progress we harbor and the end toward which it points. Here is a world, again, of slaves and tyrants, subjects and warlords. Here is a world in which life itself is nothing next to glorious victory. Friedrich Nietzsche described it approvingly. Perhaps a new bourgeois order would emerge from it, and perhaps a new flowering of consciousness of freedom. But there would be no reason to think it would last.

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[3] I think this EU self-image is questionable. The NATO treaty, which the United States is chiefly responsible for enforcing, binds members not only to unite against an external enemy, but also to live peacefully among themselves. The conditions in which the EU was born and matured included not just a postwar desire on the part of the nations of Europe to get along, but also state power in the form of an outsider, the United States, insisting that European countries get along. It is at least possible that the latter was necessary for the EU to come together and that the EU still rests to some degree on U.S. power. In that sense, this ethical community of universalist aspirations may not have been self-generating, and its avant-gardism would therefore be ahistorical, not post-historical.

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But, of course, we will not do nothing. We will do what we can to find out who they are and fight them. In the United States as elsewhere, there is no shortage of spirited people willing to risk death — only an overarching bourgeois political order and a broadening ethical order that channels this spiritedness and restricts its expression.

The latter, I think, is the source of a certain current uneasiness about waging war. For example, we do what we can to minimize civilian casualties — because we want to see the enemy's civilians as persons, potential members of a universal ethical community. Today, while we kill the soldiers of an enemy's army to the extent necessary, we do not want to cease to view them as human beings — persons who may have been coerced to treat us as an enemy, and therefore need to be treated as enemies, but not persons who reached that conclusion for themselves as did their political leaders. It is therefore not we, their killers, who deny their humanity, but their own leaders. This reasoning is tortured, of course — but we ourselves are genuinely uneasy about this even as we accept the necessity of the killing.

The United States has also long been unwilling to conscript: We will get by with those who volunteer for the military. Here the state arranges by contract what it could compel by force; the opposition to compulsion is of a piece with the revulsion provoked by the thought of the state's use of force. Once again, this is more than the bourgeois fear of death: It is an ethical distaste for the political, the world in which a state may designate an enemy and wage war; it expresses the hope that one day there will be need for no such designations without insisting that that day has arrived.

The war the United States wages will, I think and hope, be a war in which the United States makes extraordinary efforts to distinguish "enemy" from "person." The former has crossed a threshold the latter has not, no matter where such a person lives. We designate an enemy only insofar as someone designates himself our enemy by his actions as an enemy. Others we treat as persons, or at least we hope to treat as persons, in the hope that they will treat us as persons. In principle, I suppose, we can ensure that we have instilled the fear of violent death in the living by killing all those who are unafraid to die. But there is no solution to our problem here short of also doing what we can to give people reason to value their own lives out of the knowledge that when they do, they will have taken a step toward valuing ours as well.

Our ethical sense of human beings as free and equal in their freedom constrains and shapes the political sphere in ways that will, we hope, broaden the ethical community of persons who treat each other as persons — until we are all part of "we." But, of course, our ethical sense cannot and does not obliterate politics. As long as we face people who are willing to risk death to kill us — to treat us as enemies — we will treat them as enemies. Only by doing as much can we take another step toward the world we caught a glimpse of September 10.

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Collecting the Anti-Terror Coalition

By JEFFREY GEDMIN

THE DEVASTATING TERRORIST attacks of September 11 on the World Trade Center and the Pentagon have, in a single stroke, transformed the national security debate in the United States. The post-Cold War world is finally over; terrorism has emerged overnight as the new great threat. This threat will either unite or cripple America and its allies. While senior officials cobble together various coalitions to prosecute the anti-terror campaign ahead, an immense opportunity presents itself to the United States.

As we fight the war against terrorists, the Bush administration should already be considering crucial ancillary outcomes. The United States has the chance now to revive U.S. relations with the moderate Arab world and drive radical regimes into a corner; to put U.S.-Russian relations, for the first time, on a stable and positive footing; and to reverse the sharp decline in U.S.-European relations of the past decade. Forming coalitions and reviving alliances cannot be the primary goal of American foreign policy, of course. Nor should the United States accept any unreasonable constraints imposed

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by international coalitions. But in the near term, alliances will serve America, at times in critical ways, in its sustained and far-reaching anti-terror campaign. In the long term, nothing could be more conducive to advancing American interests and promoting global security than to reestablish the credibility of a united West under American leadership.

The challenge will be a formidable one. Anti-hegemony had become in recent years the buzzword — and a strong motivation — among allies and adversaries alike. "Building a multipolar world" had emerged as a prominent code phrase, whether in Berlin or Beijing, for curbing American influence. Consider Chinese opposition to American missile defense; Russian antagonism to NATO enlargement; EU political ambitions as expressed through the euro. In various ways, to be sure, but in each and every case, at least one prime motive behind these projects and policies was to constrain American power and predominance. But September 11, 2001, has changed everything.

The Arab world — and Saddam

U.S. RELATIONS WITH moderate Arab countries, and with key allies such as Saudi Arabia, have worsened in recent years. This set of relationships may be the most difficult to mend. In some ways it remains close to the heart, though, of America's problem with terrorism.

Since September 11, discussion has begun (again) about the root causes of terrorism. Whispers have also emerged about America's own responsibility, in statements from moderate Arab leaders like Egyptian President Hosni Mubarak to the commentaries of major European papers. "If America wants security," argued an editorial in the prestigious German daily, *Süddeutsche Zeitung*, "it has to address the concerns of the people of the region . . . and help solve the Palestinian problem." One prominent Egyptian columnist went so far as to argue that the "Arab-Israeli conflict" should really be seen as "an Arab conflict with Western, and particularly American, colonialism." It's time for Western leaders to insist on political and moral clarity. America must take the lead.

Of course, the United States makes its mistakes. It's guilty at times of arrogance, misjudgment, and poor policy choices. Still, Islamic terrorism has never been about Israel, America's support for the Jewish state, American foreign policies, or the effects of globalization. Rather, it is the wholesale failure of Arab states to modernize and democratize that helps explain why radical Islam has been permitted to grow and spread so extensively — and why, in fact, American relations with so many Islamic countries have remained poor.

America holds no brief against Muslims. The United States fought to save innocent Slavic Muslims of Bosnia from slaughter and destruction. It did the

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same later on behalf of the Kosovar Albanians. The U.S. government has purchased 100,000 tons of wheat from American farmers to provide to civilians in Afghanistan. The United States and its allies can and should do more. But until the face of the Middle East changes — and it will take decades for true progress to be made — there will remain limits on the degree to which the United States and its closest allies can forge enduring strategic partnerships with many Muslim countries.

Nevertheless, an extraordinary opportunity presents itself. It would be a mistake for the Bush administration to cast its anti-terror campaign as a conflict between the West and the Rest. In fact, the administration has already eloquently emphasized this point. Samuel Huntington has rejected a "clash of civilizations," calling the attacks on America the aggression of "Barbarians against the civilized world."

The wholesale failure of Arab states to modernize helps explain why radical Islam has been permitted to grow.

Indeed, if U.S. policy succeeds, the Islamic world will find itself quickly divided into two camps: between those who sponsor terrorists and the rest who do not — between those states who cooperate with the United States and those who choose to be designated as enemies. Muslim populations living in the United States and other Western countries must be urged to do their part. If the United States and its partners resist equating terror with Islam, Muslims must do the same by unequivocally condemning, isolating, and depriving the terrorists of all moral legitimacy and every piece of financial and logistical aid.

If the administration's rhetoric is followed by action, and by a strategy that is comprehensive and resolute, the price for operating the business of terror will become in the years ahead far riskier, more costly, and politically difficult. Deputy Secretary of Defense Paul Wolfowitz has even spoken of "ending states" that support terrorism. As a target with considerable strategic value, there is currently no better candidate than Saddam Hussein's regime in Iraq. A policy aimed at removing Saddam from power will strike a blow against international terrorism. It will also, contrary to conventional wisdom, boost America's standing in the Arab world.

Iraq is of far greater strategic value than Afghanistan, of course. It has been permitted to operate as a regional menace for far too long. It was two decades ago that Israel attacked and destroyed a nuclear reactor outside Baghdad. Then Prime Minister Menachem Begin argued that the strike was defensive in character. The CIA had agreed at the time that Iraq was attempting to build nuclear weapons. The United Nations General Assembly disagreed and roundly condemned Israel. Even the Reagan administration felt compelled to criticize Israel. But then a decade later came Iraq's invasion

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of Kuwait — and much fuller information about Saddam's intentions and capabilities.

Similarly, Iraq's contempt for international standards and norms has become more fully revealed over the course of time. Ali Hassan al-Majid, a cousin of Saddam Hussein's who had the assignment in the late 1980s to gas civilians, once boasted to colleagues that he would "kill them all [the Kurds] with chemical weapons. Who is going to say anything? The international community? F— them!" Until now, Saddam's henchmen have been right.

Today Saddam not only threatens his neighbors. He continues to terrorize his own population with a vast network of secret police informers. He tortures, he murders, and he uses rape, systematically, as a political weapon. As ordinary Iraqis sink deeper into poverty and despair, Saddam steals from international relief assistance and sinks vast sums of money into palaces, luxury automobiles, and "obscene" amounts of scotch whiskey, notes Richard Butler, the Australian diplomat who once led the United Nations arms inspection team, UNSCOM, to Iraq.

There is probably no better way to deliver a major setback to the terrorist threat than to reconstitute the anti-Saddam coalition.

The Iraqi regime remains an implacable foe of the United States, Israel, the West as a whole, and moderate Muslim countries in the region. Like the Taliban, Saddam regularly threatens those who would cooperate with the United States. His regime has been implicated in the 1993 bombing of the World Trade Center, which killed six and injured more than 1,000. Three years ago, Saddam blocked UNSCOM inspectors from conducting their work inside Iraq. Since that time, there have been no arms inspections. And Saddam has been working assiduously to reconstitute his program of conventional weapons and weapons of mass destruction. According to Western intelligence, he is succeeding. There are even indications that Saddam's fingerprints may be on the attacks on New York and Washington. The reputed leader of the hijackers, Mohamed Atta, had connections, apparently, to Iraqi intelligence.

When Israeli planes streamed across Jordanian skies on their way to Baghdad two decades ago, King Hussein quietly watched without bothering to phone his Arab brother Saddam Hussein to warn him. In 1991, the Arab world joined the United States and its other allies in liberating Kuwait. At the time, American prestige in the Arab world reached an unprecedented high. If the United States stands up to Saddam, the Arab masses will not rise up against America. On the contrary.

There is probably no better way to deliver a major setback to the terrorist threat — and restore America's standing in the Middle East — than to reconstitute the anti-Saddam coalition of 1991. This time, though, the objec-

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tive must be putting an end to the dictator's blood-soaked rule. This would mean support for the Iraqi opposition, the eventual use of American ground troops, and ultimately the occupation of Baghdad. The effort would be expensive, in blood and treasure. The political responsibility would be as great as the transition period after the war would be long. But success would be a major accomplishment and contribution to global security and peace in the Middle East.

In truth, the Arab-Israeli conflict has always been but one piece of a much larger puzzle. If the United States could promote the development of a democratic Iraq, the landscape of the entire Middle East might change for the better over time. The prospect is a distant one, but such a long-term strategy might provide the best chance for peace between Israelis and Palestinians.

Ousting Saddam would have other positive effects. It would put an end to naïve and unworkable notions, which have been all too prevalent both in the U.S. and abroad, about multilateral, supranational institutions and their usefulness in providing the essential elements of hard security. Instead, the "posse" model would be reborn. If America wants a world conducive to its interests and values, it will need the democracies to band together. Tactically aligned with others, they can promote a new system of international relations in which the idea of American leadership can once again become respectable and desirable.

Russia

TRANSFORMING THE U.S.-RUSSIAN relationship will not be easy. And getting Russian cooperation on issues like Iraq will represent an enormous challenge. Russia will be inclined to continue treating Iraq as a client state, for instance. Russia will surely resist, moreover, the posse model with America in the lead.

Since the end of the Cold War, relations between Moscow and Washington have suffered from a seemingly insurmountable problem: an overwhelming imbalance in assets. In Washington's view, the Russians have had little to offer the United States. U.S. and Western interests in Russia have been restricted largely to forestalling negative developments: resurgent nationalism; economic and social disintegration, leading to destabilizing migration flows; and, perhaps, the problem of "loose nukes." In the Russian view, on the other hand, nearly every major foreign and defense project the United States has pursued over the past decade — the enlargement of NATO, the intervention in Kosovo, ballistic missile defense — seems to be aimed at humiliating Russia.

Despite President Bush's charm offensive toward Russian President Vladimir Putin — begun in meetings first in Slovenia in the spring, then advanced in Italy at the G-8 summit this summer — nothing much had

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changed in the U.S.-Russian relationship. This summer senior officials were criticizing Moscow for its continuing role in providing ballistic missile technology to rogue states such as Iran. According to Secretary of Defense Donald Rumsfeld, the United States needs to confront Russia with a choice. "Moscow cannot expect to do billions of dollars worth of business and aid . . . with the United States and its allies," Rumsfeld said, while at the same time selling "obnoxious stuff that threatens our people and our pilots and our sailors." This view will become sharper now.

His deputy, Paul Wolfowitz muses that, curiously, "Russian weakness" has always seemed to give them "leverage over us." This strange pathology should now come to an end. Russia itself may be ready.

U.S.-Russian intelligence sharing is already expanding on terrorism, the Taliban, and Afghanistan.

After the September 11 attacks on the United States, Russia took the rare step of issuing a joint statement with NATO calling on the "entire international community to unite in the struggle against terrorism." True, Russia initially refused to participate in any U.S.-led military action, but Russian military participation would not be necessary in a U.S. intervention. And Moscow also made it plain, early on, that it would not object if individual states chose to assist the Americans with bases and landing rights. Tajikistan, a former Soviet Republic that borders Afghanistan, stepped up quickly to cooperate.

Russia also has assets. With President Putin's approval, intelligence sharing is already expanding with the United States on the subject of terrorism, the Taliban, and Afghanistan. The Russians know Afghanistan. One leading general, Boris Agapov, who served in Afghanistan in the 1980s, argues that the Americans could succeed against the Taliban. With stronger financial resources and superior technology and equipment, the Americans can also learn from and avoid the mistakes of the Soviets. For starters, the U.S. will not try to occupy or rule the country.

If the United States can succeed in bringing about a rapprochement with Russia over Afghanistan, there may be ways to deepen our cooperation in other areas as well. Perhaps eventually, the Russians will behave like the French, who have typically maintained a certain distance or voiced criticism of Washington policies publicly, while working closely with the United States behind the scenes. A years ago, when Serbia held the elections in which Slobodan Milosevic was defeated, the United States appealed to NATO allies to conduct naval maneuvers off the Adriatic coast in advance of the vote — a sign that the West was watching. The allies balked; the French joined in quickly. During the Kosovo war, public statements notwithstanding, Russian intelligence worked closely at times with their American counterparts. This is a scenario Americans would welcome and could easily live with: Russia, a

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difficult partner open to cooperation on key strategic issues.

What does Russia want? Putin wants Western understanding of Moscow's fundamentalism problem, especially in Chechnya. He can get it. He needs for his own political constituency a NATO that is genuinely open to collaboration where Russian interests are at stake. He can get this, too. It's clearly an advance of Russian interests if the United States and its allies can eradicate any piece of radical Islam in Afghanistan or the region. In this policy area, Russia's interests, like Turkey's, are clear.

If Russia wants respect, a measure of respect is within the country's reach, where its own interests, assets, and American needs and objectives finally intersect. At a Moscow press conference a year ago, Sergei Yastrzhembsky, a senior advisor to Putin, declared Russia's interest in "preemptive strikes" against terrorist camps in Afghanistan. Yastrzhembsky argued that Afghanistan had become a "hotbed of international terrorism" — a problem, he said, that had prompted Russian interest in opening up a common front with the North Atlantic Alliance. One Russian commentator has described current circumstances as "a unique and historic invitation to cooperate with the West." Says Dimitri Rogozin, chairman of the international affairs committee of the Russian parliament: "Just as 60 years ago, Russia and the U.S. have a common enemy again."

The greatest challenge will be to change Russian policy toward Iran, Iraq, Libya, Syria, and North Korea.

There is promise on a number of fronts. The United States is the biggest foreign investor in Russia, with more than $5 billion in direct investment and $10 billion in two-way trade of goods and services. Russia has shown greater responsibility to international debt obligations in recent years. Russia has also achieved a certain level of macroeconomic stability. All this helped lead President Bush's national security advisor, Condoleezza Rice, to call for a "new era of cooperation" between Russia and the United States.

The Bush administration had started to offer Moscow arms purchases (including purchases of the Russian S-300 ground-to-air missile) and other military aid in exchange for an eventual agreement to scrap the ABM Treaty, which has remained an obstacle to American missile defense plans. Why not press, at exactly this moment, for a far wider range of cooperation and incentives? The greatest challenge will be to change Russian policy toward Iran, Iraq, Libya, Syria, and North Korea. In each case the Russians have been active proliferators. If the Russians, like the French, want to flirt, to provoke the United States, so be it. But the U.S. should insist on nothing less than a halt to any and all meaningful technical and military assistance Moscow currently provides to those regimes.

In pursuing closer cooperation with Russia, the United States would be

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seeking three things. First, the United States wants Russia's help in the war against terrorism. Second, Washington should seek an end to Russia's obsession with impairing U.S. unilateralism and hegemony. (The country's official foreign policy doctrine pledges a fight against "the hegemony of a single center.") Finally, the U.S. should use the current historical moment to forge the basis for a strategic partnership with Russia that will be important should China one day emerge as a threat. As a member of the anti-hegemony club, Russia had been increasing its ties, especially in the military area, to China. Chinese military procurement in Russia has doubled in recent years to nearly $2 billion annually — more than 60 percent of all Russian arms exports. It's time to reverse the trend.

Europe and the anti-hegemony school

THE MOST IMPORTANT strategic partnership for the United States remains America's alliance with the Europeans. The end of the Cold War eliminated the common threat that had helped bind America and Europe together in the past, and the period since has seen a marked drift in the transatlantic relationship prompted by multiple causes.

Recent developments in European integration have changed the character of Europe. What began originally a half century ago as a grand enterprise aimed at promoting Franco-German rapprochement and eliminating the scourge of malign nationalism became, after the Cold War, a design primarily aimed at establishing the EU as a world power center in order to compete with the United States. Europe's desire for self-reliance is surely entirely legitimate. But it was starting to mix with old-fashioned anti-Americanism and impulses toward destructive rivalry. Pascal Lamy, the EU's trade negotiator, conceded once that "the easiest way to get a cheer in Brussels is to stand up in the European parliament and denounce America."

Anti-Americanism has grown. In France, a farmer can become a national hero for ransacking a McDonald's and vilifying America as the culprit behind globalization. What of the vitriolic tirade from Europeans when the Bush administration decided to opt out of the Kyoto protocol? It's hard to imagine that the venom of the reply had to do only with environmental concerns about global warming.

How else can one explain, for example, the recent fixation of so many European politicians and opinion leaders on the death penalty in the United States? European leaders who use the issue as a club to beat America know the facts. They know that the United States is not a monolith. Twelve states and the District of Columbia have rejected capital punishment. A half dozen of the remaining 38 states have had but a small handful of executions during the last quarter century. Indeed, the number of executions in the United States has even been dropping in recent years. By any standard, the United States is hardly in the throes of death penalty mania, as many leading

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Europeans have suggested. Still, until recently, EU officials have insisted on raising the issue at the highest level in the U.S. government.

They have chosen to do so knowing that Europe is hardly a monolith itself. Majorities in a number of countries, from the United Kingdom to Central Europe, favor the death penalty. People are divided in Italy and in Sweden. France banned capital punishment only in 1981. What's more, most Europeans, according to recent polls, would be happy if their leaders refrained from intruding into American domestic affairs and sovereign choices on matters such as the death penalty. This scarcely suggests a growing divide between "American" and "European" values, a fact that has left commentators like Henry Kissinger to ask whether European leaders are seeking to build a new Europe defined in opposition to the United States.

Anti-Americanism is an old theme, one that had been winning new cachet in the new Europe. The most prevalent views are familiar: that America is morally and socially backward (the death penalty and jungle capitalism); that the United States is often dangerously simplistic and primitive in its approach to the world (sanctions and talk of so-called "rogue" regimes). The attacks on the World Trade Center and the Pentagon triggered a stunning show of pro-American sentiment across Europe. But old habits will die hard. Writing in the *Süddeutsche Zeitung,* one German intellectual, Klaus Theweleit, argued that "American arrogance" remained the root of the problem. "The most powerful country of the world," wrote Theweleit, "has no real foreign policy, only spheres of interests and opportunism."

The polls found that a majority believed the United States was pursuing its own interests without reasonable deference to the interests of others.

Public opinion in Europe was becoming increasingly skeptical about U.S. behavior. In August, polls conducted by the *International Herald Tribune*, the Pew Research Center, and the Council on Foreign Relations found that a majority of Europeans held negative views toward the Bush administration. The polls also found that a majority believed the United States was pursuing its own interests without reasonable deference to the interests of others.

While European solidarity in the days after the attacks on the United States was extraordinary, barely a fortnight had passed before doubts were being voiced. British officials insisted that support for Washington did not constitute a "blank check" for U.S. actions. Germany's defense minister lamely proclaimed, "we do not face a war." Media opinion began to churn. *La Repubblica* fretted about "growing demonstrations of Muslims." Columns in the *Berliner Zeitung* and the *FT Deutschland* argued that the

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Americans were making "Islamic revolution" possible and predicted the "destabilization of Pakistan." The *Frankfurter Rundschau* warned of "Americans wrapped up in their own emotions." *Le Figaro* demanded "American restraint."

What European elites have wanted, says *Die Zeit* editor Josef Joffe, is to be the "Un-America." Or as German historian and commentator Michael Stuermer puts it: "the Europeans become more European, and the Americans become more American." In the process, it's no surprise that Europeans have been less concerned about burden-sharing than power-sharing in the transatlantic relationship. It helps explain the EU passion for international treaties, supranationalism, and global governance. What better way to constrain the United States and reign in a rogue superpower?

Defense Secretary Rumsfeld mused that with the end of the Cold War, the gratitude of our allies had come to an end, too.

Defense Secretary Rumsfeld mused this summer, somewhat dyspeptically, that with the end of the Cold War, the gratitude of our allies had come to an end, too. There was good reason for Americans to become skeptical about the motives and judgments of their European partners. This past spring America's closest partners in Europe helped remove the United States from the U.N. Human Rights Commission. Three EU countries — France, Sweden, and Austria — will sit alongside countries such as Sudan, China, Cuba, and Syria working together on resolutions. This can hardly promote the cause of human rights in the world, but it did strike a blow to American standing and prestige. When an American airplane, on a legitimate reconnaissance mission in international airspace, is brought down by the aggressive behavior of a Chinese pilot, there's hardly a whisper of support from Europe. Instead, EU leaders wring their hands and fret about the possible destabilizing effects of the American response. What happens when President Bush decides to review policy toward Korea? The EU rushes a delegation, unilaterally, to the region to save the day, thereby demonstrating an open and almost brazen lack of confidence in American deliberations.

Divisions over policy toward Iraq and Iran have been strong for years. And they have grown. The French political establishment has openly blamed Richard Butler, the chairman of UNSCOM, and not Saddam Hussein for the breakdown in weapons inspections monitoring in Iraq. The EU, often led by Germany, remained apparently enthralled by "Critical Dialogue" with the mullahs of Iran. Chris Patten, the EU commissioner for external affairs, had just announced before the attacks on the United States that the Europeans were prepared to increase their trade and diplomatic ties to Teheran.

To be sure, American hubris has contributed to the problems in transat-

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lantic relations. It was understandably not easy for Europeans to sit still and listen to President Clinton's insufferable boasting about the glories of the American economy at the G-8 summit in Denver in 1997, or when Secretary of State Madeleine Albright gushed about America as "the indispensable nation."

The Bush administration exacerbated the problem. President Bush had compelling critiques of the Kyoto protocol on global warming at his disposal. Instead, he chose the narrowest arguments, amounting to "America First," to reject a process in which our closest allies had become deeply invested. On Kyoto, "First things first," Mr. Bush had said, and that's "the people who live in America." Can anyone imagine German Chancellor Gerhard Schröder now saying the same thing about Berlin's policy toward Iran, a country that owes Germany billions in foreign debt? Would narrow economic interests justify a more accommodating line toward Teheran? Of course, each and every American president will pursue what he deems the American interest. But only if the United States is willing to link the American interest to the wider international good and to invoke principles that appeal to others will America be able to lead effectively.

The United States needs to pursue its campaign in such a way that national interests are fused with the interests of other partners.

What should the United States now do? The Bush administration needs to capitalize on the moment. We should boost our bilateral ties with the United Kingdom and any other country that wishes to cooperate closely with the United States on terrorism. We should retain our freedom of action, but we should also end the U.S. penchant for undisciplined and indiscriminate unilateralism; such steps will help end the anti-hegemonic balancing of others. The rising tide of anti-Americanism can be delivered a crushing blow. To achieve this the United States needs to pursue its anti-terror campaign in such a way that national interests are fused with the interests of other major and smaller partners. This is exactly what Ronald Reagan was able to do, always invoking broader principles as he fought for markets, free trade, and an end to Soviet tyranny. Containing the terrorist threat is, after all, in the interest of our closest partners.

The Europeans, for their part, need to broaden their strategic horizon. Europeans need to understand that the U.S. strategy that is emerging is a comprehensive one. It includes diplomatic and economic measures and strong law enforcement elements. Arrests came quickly in several European countries, including Germany, where authorities believe that as many as 30 terrorist cells may exist. The United States asked early on for the EU to reach out to Syria and Iran in trying to galvanize support in the region for the

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U.S.-led anti-terror campaign. It will also be important for the U.S. to impress upon its European allies that such relationships will be tactical. Unless Syria and Iran alter their own behavior and support for terrorism groups, they, too, may become targets of U.S. action. The sanctions debate is back. German special forces have been committed to assist in military operations. There is much Americans and Europeans can do together. The United Kingdom has already pledged to cooperate with the U.S. in the broadest military terms.

Perhaps, in a sense, Americans became Israelis on September 11, 2001. It was a wake-up call for Americans about their own security. But Europeans should not be permitted to deceive themselves. An attack on America was the beginning of a war against the West. Only united will the West have a chance to win this war. In a strange twist of fate, a relatively young, inexperienced President George W. Bush now has the opportunity of a New World Order that his father had once squandered. If he succeeds, America and the world will benefit in more ways than one.

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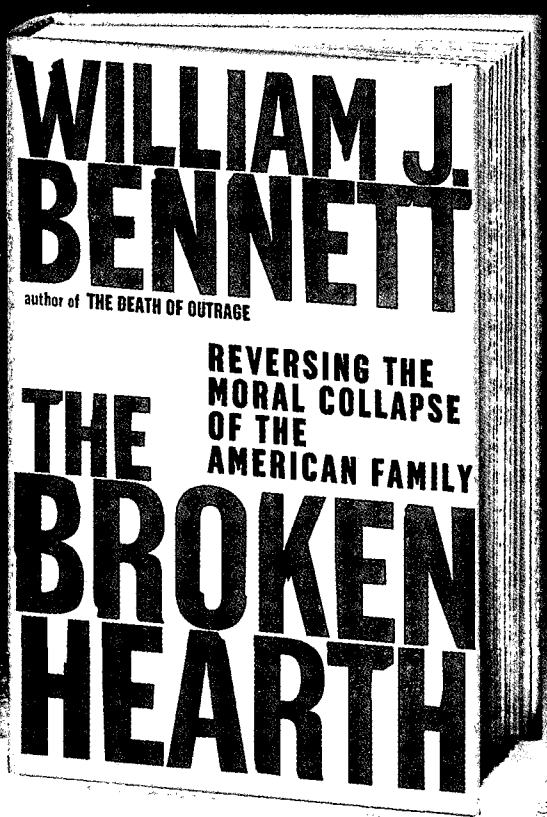
If we are to repair the social fabric, the work must begin at home.



The American family is under siege as never before. Now, William J. Bennett mounts a compelling argument in its defense and cites the societal shifts that threaten the future of the nuclear family:

- **Illegitimacy**
- **Divorce**
- **Cohabitation**
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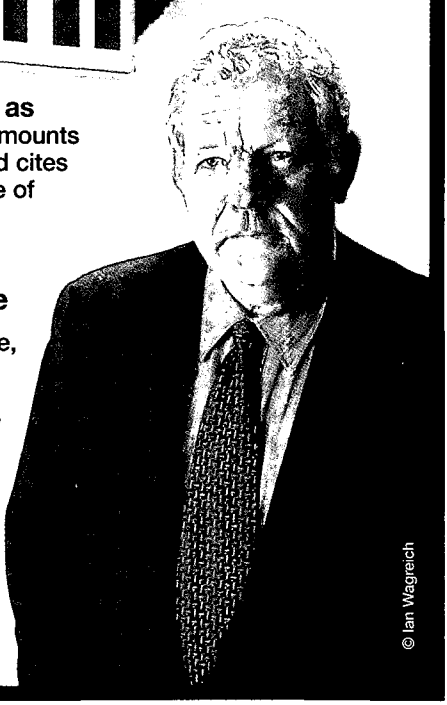

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Europe's "Social Market"

By CHRISTOPHER CALDWELL

POLITICIANS MAKE IT THEIR business to confound their opponents, but European politicians are increasingly pursuing economic policies that confound even their most earnest analysts. Germany's Social Democratic Chancellor Gerhard Schröder is one of these. He brought his country the "Third Way" — the market capitalism softened by judicious governmental interventions that has come to be associated with British Prime Minister Tony Blair. Schröder claims to follow a politics of the *Neue Mitte*, the "New Middle." Yet there is little new in Schröder's recipes for economic growth. They include such time-honored business-friendly measures as Reagan/Thatcher-style tax cuts. Germany has lowered its top income tax rates from 51 percent to 42 percent, and its corporate tax rates from 40 percent to 25 percent. On top of that, Schröder has pushed through a program of corporate deregulation that has opened up German business to mergers and buyouts.

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There isn't much "Middle" in the Schröder program, either. For every page he takes from the supply-side playbook, he adds an item from the long left-wing wish list of his Green Party coalition partners — in their incarnation of 15 years ago. These hard-left moves include the *Ecosteuer*, or "Eco-tax," a high levy on pollutants that could help clean up the environment, but could also (businessmen warn) help bring the country's manufacturing sector to a screeching halt. And his rhetoric is firmly of the left. Asked in early summer whether he would start untangling Germany's Byzantine job rules, making it easier for struggling companies and start-ups to hire and fire workers, Schröder angrily replied, "I don't want American conditions placed on our labor market!"

A great deal of dogma pronounced by American free-market apostles just five years ago has already been belied by recent socialist-led prosperity.

But there's an asymmetry in this political zigzag. Political analysts tend to treat Schröder's right-wing moves as sensible — signs of an economic policy that, Europe-wide, is taking on a decidedly American hue. The same analysts tend to treat his *left*-wing rhetoric as either lunacy or idle pandering. Take Hans-Olaf Henkel, former head of the European division of IBM, whose best-selling autobiography has made him something of a guru of the German new economy. Henkel says, "I know Schröder. If you are sitting down with him, you can tell — of course he knows the Eco-tax is a stupid idea!" (Henkel is also fond of repeating an old European saw to the effect that "the Third Way is the fastest route to the Third World.")

The picture is a confusing one. Many American policymakers look at "overregulated," "tradition-bound," "behind-the-times" Europe and refuse to believe it can function efficiently in a globalized information economy. Europeans are listening — to a degree. The European Union has proved a force for opening markets rather than adding a new layer of regulation, but it has also proved a force for a certain cultural leftism. On one hand, taxes have been cut not just in Germany but also in France (which cut its corporate tax rate from 40 percent to 33 percent) and the Netherlands (where the top personal income tax rate fell from 60 percent to 52 percent). On the other hand, the hot book of last summer in almost every European country was *No Logo*, a rant against the global marketplace by the Canadian leftist Naomi Klein, which sank like a stone on her native continent. On one hand, the number of stockholders in Germany has tripled in the past five years, to the point where Germany now has more shareholders than trade-union members; on the other hand, a much ballyhooed privatization of the country's phone company has stalled out. On one hand, France Télécom has been split into ten different compa-

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nies; on the other hand, Britain's resolve *not* to privatize its postal service has hardened, and a majority of Englishmen now blame British Rail's failures on its privatization five years ago.

So what *is* the Third Way? Is it propagandistic camouflage, designed to hide the hurt pride of once-great nations that now must comply with the largely U.S.-written rules of the global economy? After all, most of the theorizing about the Third Way gets done in France, Germany, and Britain, great powers until only recently — not in smaller countries like Spain, Switzerland, and the Netherlands, which are arguably just as centrist in their economic policies. Or is the Third Way really what it claims to be: a distinctively European way of looking at capitalism? After all, a great deal of dogma pronounced by American free-market apostles just five years ago — regarding marginal rates, government size, and wage-and-hour regulations — has already been belied by Europe's recent socialist-led prosperity.

Main Street *v.* Rhine Street

THE FIRST ECONOMIST to systematically draw the U.S.-Europe comparison in contemporary terms was Michel Albert, in his 1991 book *Capitalism versus Capitalism*. Albert is not just an academic. He's also a former Commissioner of the Plan — the economic development czar of France — and ex-president of the insurance giant Assurances Générales. His thesis, which was quickly taken as gospel, is that there are two main strains of capitalism. The first is the Rhineland model that has existed in Germany for more than a century. (And in Japan as well — although that's beyond our scope here.) In Rhineland capitalism, a company is an institution. It serves anyone who "holds a stake" in its operation, specifically: clients, suppliers, employees, stockholders, and the surrounding social community — in that order.

The second model is "Anglo-Saxon" capitalism, as practiced in the United States and (to a lesser extent) Britain. Whereas Rhineland capitalism serves "stakeholders," variously defined, Anglo-Saxon capitalism serves shareholders — period. The distinction can be differently put, as one between the "managerial" capitalism of Europe and the "proprietary" capitalism of the United States. It should be stressed that the Anglo-Saxon version was the newcomer here, the innovation. Although its defenders presented it as a purer form of capitalism, a removal of "artificial" constraints and regulations, Albert thought it was nothing of the sort. It came into being only with the start of the 1980s when, inspired by Reagan and Thatcher, corporations that had been as "managerial" as their European counterparts (*mutatis mutandis*) repudiated a variety of debts to their employees and communities.

Albert saw a "double superiority" in the German model. First, it resulted in higher average salaries. Second, those salaries were scattered in a more socially equitable way. What's more, in terms of productivity per capita,

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Europe was the clear-cut winner. Albert explained the superior productivity in corporate-finance terms. Stakeholder societies favored long-term investments that supported technological improvements, while shareholder companies, focused on the short term, simply juiced up profits with layoffs and accounting gimmickry in a way that was deleterious over the long term.

With America deep in recession, this thesis got a sympathetic hearing throughout the West. Those who had been skeptical about the durability of the Reagan boom looked as if they were being proved right. An entire American subgenre of How-Japan-Will-Crush-Us books found its way onto bestseller lists. Economists at the Massachusetts Institute of Technology predicted in their 1989 study *Made in America* that the underqualification of its managers and workers, combined with economy-wide short-term thinking and planning, would lead America into economic decline — a prediction that seemed to have been borne out by the time Albert wrote in 1991. And the Albert reading was even less controversial among European political leaders. Indeed, in certain circles it persists even to this day. "I categorically refuse to transpose the American model onto Germany," Helmut Kohl said in 1995, "because the situation in the United States is different in many ways. You can see it in the words they choose. We speak — and properly — of a social market economy, and not merely a market economy. And we have a totally different conception of social responsibility." Note that this is a considerably more hard-line defense of Rhineland capitalism than the one for which Schröder was snickered at last summer, and that Kohl was able to make it without calling his, or his party's, conservative credentials into question.

But there must have been other factors at work, outside of Albert's model. The superiority of the Rhineland capitalism came into doubt almost as soon as his book went to press. By the mid-1990s, Europe's distinctive economic feature was double-digit unemployment and America's was its first steady 4 percent annual growth rate since the 1960s.

The roots of Europe's crisis seemed to rest, somehow, in the divergent way the U.S. and European economies reacted in the quarter-century after the oil crisis that began in 1973. According to the Organization for Economic Cooperation and Development, the United States saw its productivity growth collapse from 1973 to 1996 — falling to an annual average of 0.8 percent over the period, compared to 2.8 percent and 2.6 percent for France and Germany respectively. And Europe *remains* more productive — per hour worked, at least — than the United States. According to British analyst Mary O'Mahoney, the 20 to 30 percent advantage America enjoys in per capita gross domestic product is due to the fact that its workers work 30 to 40 percent more hours.

So Europe has done fine on questions of productivity. The problem was that it has not been able to create jobs. While the United States did have a spike in unemployment in the late 1970s and early 1980s, it ended the post-oil shock quarter-century in roughly the same employment position it began

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with — 5.5 percent unemployment in 1974, 5.4 percent in 1996. Europe, meanwhile, saw unemployment quadruple over the same period, from 2.8 percent to 12.3 percent in France, and from 2.1 percent to 8.8 percent in Germany. Europe-wide, unemployment stood at 10.8 percent in 1996, and a recent spate of job creation has brought the figure down only to 8.4 percent. The United States created 32 million jobs from 1980 to 1997, versus 3 million in Europe. If the major parties in the European democracies entered a period of waning legitimacy and rickety popular support, it was due mostly to the collapse of their economic model. More than anything, unemployment holds the key to the discrediting of Rhineland economics and the new vogue in some European quarters for "Anglo-Saxon" ways.

Work weak

THE *way* labor markets pose problems to liberalizing European welfare states is best seen in France. Among the most enduring and untouchable leftovers from the old *état providence* are generous pensions and the cluster of benefits that surround government jobs. Last year, France's socialist prime minister Lionel Jospin sought reforms in both, and backed off after a public outcry — much as the conservative Alain Juppé had when he sought reforms in 1995.

Although French union membership has fallen to 10 percent of the workforce, below even American levels, France's public-sector unions have found it easy to carve out exceptions to the prevailing trend in the direction of denationalization and flexible management. The French national railway SNCF split into two divisions in 1997 in order to allow various carriers to compete on its rails. But the railway's unions have taken advantage of their hold over French travel and commerce to retain various anachronistic benefits — early and large pensions, supplemental medical services — that date from earlier in the century when railway work was still an affair of coal-damaged lungs and crushed limbs. Air France's unions have also used their ability to choke economic activity to claim higher wages than similarly placed employees in other fields. Across the continent, in fact, labor policy is the area where the U.S. has the simplest lessons to teach. Spain's unemployment rate fell from 24 percent to 14 percent only after the government dropped Franco-era guarantees of tenure.

Many European economists make the point that the gap between American and European employment is explicable if one looks at differences in just a few sectors (hotels and restaurants, financial services, education) — as if Europe's plague of structural joblessness were a mere oversight. That certain sectors lag, though, hardly proves wrong the Reagan-Thatcher dogma that regulation, guaranteed tenure, and mandatory benefits cost jobs. The deficit in hiring in those sectors may be due exclusively to the fact that *most* new-economy service jobs are too fleeting, too irregular, to defray the

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cost of adding welfare benefits to them.

One caution: It is on labor policies — and the job rates that result from them — that European statistics are the most difficult to interpret. Despite high continent-wide unemployment, four countries in the EU are at or *below* U.S. unemployment levels, according to the OECD. The Netherlands is lowest, at 2.5 percent, followed closely by Austria, Portugal, and Sweden. All are countries with (by American standards) massive social states. Belgium, in contrast, with a 12 percent jobless rate, is one of Europe's employment basket cases despite its similarity to the Netherlands in size, culture, location, and government share of GDP. The Dutch secret, most economists agree, is the country's decade-old labor-market reform, which made it possible to hire part-time and entry-level workers without committing an employer to bearing the full brunt of social insurance.

The most productive changes in labor practices appear to be a combination of left-wing legislation and "stealth capitalism."

The labor market may also give clues to why Germany's economy has, despite reforms, proved so hard for investors to read and trust. Even after Schröder's package of tax cuts and corporate deregulation, German growth figures got worse. In July, the IMF lowered its growth projections for the country from 1.9 percent to 1.25 percent. A day later, the Berlin-based economic think-tank DIW lowered its own projections from 2.1 percent to an anemic 1 percent — and even those numbers were expected to fall. Germany has been in the bottom half of European growth rankings for years now, and in 2000 shared (with Italy) the very slowest growth rates in all of Europe. In 2000, foreigners invested more in the Netherlands (pop. 14 million) than in Germany (pop. 80 million).

The few bright spots on the German landscape have been not free-market havens — real estate prices and salaries continue to stagnate in Berlin — but showcases of government subsidy. Bonn, for instance, lost its major industry — the national government — two years ago, but has turned into the country's great success story of the past half-decade, thanks to government efforts to turn it into a high-tech and communications hub. Jena, in the former East, is thriving, too — again, thanks to government construction projects and "seeded" entrepreneurship. Fault for the general stagnation may rest with the one conspicuously unreformed corner of the German economy: labor policy — particularly Germany's Rube Goldbergesque rules whereby wages negotiated for one union immediately cause across-the-board wage increases in all sectors.

The most productive changes in European labor practices appear to be a combination of left-wing legislation and what French author Alain Minc calls "stealth capitalism." Take the 35-hour work week — the *réduction du*

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temps de travail (RTT) which Lionel Jospin launched as the centerpiece of his 1997 campaign. Floated as a way of "sharing" jobs with the unemployed at a time when France was suffering 13 percent unemployment, it arguably won Jospin that election.

The doctrinaire free-market viewpoint on the RTT is that it's a catastrophe waiting to happen — if not now, then soon. Since the late 1990s, the law has applied to all French firms with more than 20 employees — which covers over half of the country's workers. The rubber will meet the road next year, claims *Financial Times* Paris reporter Jo Johnson, when the law comes to cover all firms. That means, for instance, the small shop with a half-dozen specialized *malétiers* who put the handles on every single item in a certain Louis Vuitton handbag line. Germany and other European countries already have a 35-hour limit. "But this one is enforced," Johnson notes. "It's serious."

The doctrinaire free-market viewpoint on the RTT is that it's a catastrophe waiting to happen.

Up to a point. France's hours limits have wound up being enforced in ways that are much more flexible — much more "new economy" — than its neighbors'. Part of the thanks is due to the Movement of French Businesses (MEDEF). Founded during the RTT debate in 1998 to replace the half-century-old National Council of French Employers (CNPF), it has proved a muscular defender of business interests and has shaped the implementation of the 35-hour work week in ways those who drafted the law would never have envisioned. As it stands, RTT actually increases the number of authorized overtime hours and decreases the overtime premium. What's more, companies have "annualized" the arrangement, so those that need 40 hours' work from their employees can get it — by giving back the five weekly hours as vacation time. Many mid-level employees in all types of French businesses discovered to their surprise last summer that they were entitled to *eleven* weeks of paid vacation.

In turn, the huge windfall in hours of leisure has allowed companies to renegotiate, from the ground up, employment arrangements that were in some cases decades old. MEDEF firms have cut starting salaries, eliminated privileges, and won long-term wage constraints in collective-bargaining agreements. And a happy accident resulted. The idea of "sharing" jobs by having employed people "give back" five hours to the unemployed was always silly economics. Yet French unemployment has fallen from 13 percent to just under 9 percent in the four years Jospin has been in power. Alain Minc, a polymathic money guru and consultant whose latest book, *www.capitalisme.fr* (Paris, Grasset) is a bestseller, makes a few cautious claims. "The 35-hour week created jobs," he says, "even if not as many as the government is claiming. What's important, though, is that it created

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those jobs for reasons other than the ones the government is citing. It created jobs because it held down wages." In effect, the 35-hour week has produced Dutch-style labor flexibility.

Stealth capitalism

THE PATTERN THAT emerges from Europe's attempts to extract itself from its deepest problems is exactly that of stealth capitalism. France is cutting wages de facto without cutting them de jure; hence its new-economy growth. Germany is loudly proclaiming zero tolerance on erosion of labor rights, and practicing what it preaches; hence its stagnation. The problem is the way the labor market fits in with the equity and other markets. Everywhere the pattern persists. "We have labor savings," says Alain Minc. "But you have to do that without claiming it. You see, we have a kind of double language here."

One indication that resistance to American-style markets is honored more in the breach than in the observance is that every country claims that its own economic folkways are American in spirit. While most Europeans agree that the British economic system is most like the American, the French say they're more like the Anglo-Saxons than the Germans are, and the Germans say they're more like the Anglo-Saxons than the French. Christoph Kannengießer, a spokesman for the Union of German Employers, points to Germany's relative lack of centralization, to its successful early privatization of the post office, to the denationalization of German railways, which has proceeded much more smoothly than in Britain, and to a friendlier regulatory climate.

Minc, meanwhile, points to France's more open labor market and to its ability to do things rather than talk about them. Three years ago, Minc notes, France Télécom and Deutsche Telekom were each 75 percent government owned. Germany declared it would soon privatize; France answered questions about privatization with a firm "never." Today Germany has sold off only an additional 8 percent of Deutsche Telekom's value and still owns 67 percent; France has sold off a third of its stake, so that the government owns a bare majority of it.

In his four years at the helm, Jospin has privatized $40 billion worth of French industries — more than the previous five prime ministers put together. Soon he will have privatized more than all previous governments, including the conservative reformers who ran France from 1986 to 1988. And he has managed to do this with communists in his government. For all his talk about the need to *maîtriser* ("bring under control") *la mondialisation*, his control of the market has been most unradical. His three finance ministers have all been conservatives. The first, Dominique Strauss-Kahn, held discretionary spending increases below Britain's for his three years in office; the latest, former prime minister Laurent Fabius, recently attacked a taxation

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plan on the grounds that it would "interfere with the working of the market economy." This seems not to bother Fabius's boss. In general, according to the Brookings Institution's Philip Gordon, "Jospin signals left and moves right."

Getting access to American levels of capital funding without abandoning the role of the French state provides huge advantages, according to Minc. "Because of our government, we have wonderful infrastructure," he says. That's certainly true, and constitutes an invisible subsidy to business. Last spring, a new high-speed rail line opened that connects Paris to Marseille, 600 miles away, in under three hours. For cell phones, France is the most thoroughly covered country of its size in the world, with reception on 91.6 percent of its territory. Jospin's Comité à l'Aménagement, a sort of national development board, announced this summer a project to cover the remaining 8.4 percent of French territory. The plan would make France the first large country with wall-to-wall cell-phone reception.

France's mixed economy provides even more specific advantages that are hard for a cultural outsider to understand. (That's why prophecies of French collapse, which British and American economists have made for the past century, seem never to come true.) "The public-versus-private model as you understand it in the United States is meaningless," Minc says. "The American cliché is of corporations confronted with competition, and administrators not confronted with competition. That may be the case in America, but it's not the case here." In this he is certainly correct. Much of the ingenuity of the French government arises from competition between rival agencies, and from the financial incentives offered to public servants through *pantouflage* — the informal arrangement whereby government employees make lateral moves into the private sector, where they can turn government contacts into government contracts, and cash in handsomely.

The wave of privatizations, paradoxically, heightens these incentives for government workers. As the Oxford historian of modern France Robert Gildea writes, "After ten or fifteen years in one of the *grands corps*, members of this power group became directors or chairmen of the large banks or industries linked to the state by being nationalized, semi-public, or having the state as a major customer. These sideways moves into industry . . . allowed the administrative élite the opportunity to make more money and permitted industry important contacts with government."[1] On a more brass-tacks level, Minc notes that a mid-level corporate employee with

[1]It can be argued that the American system of "revolving door" alternation between elected office or political staff jobs on one hand, and private-sector lobbying or investment-banking or "entrepreneurial" sinecures on the other, has created de facto *pantouflage* in our own country. It's probably likely, too, that such incentives have done their part to make American government more efficient. See Robert Gildea, *France Since 1945* (Oxford University Press, 1996), p. 118.

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France Télécom can have the combination of government-work job security and the ability to buy stock in the company he works for.

"People accept capitalism as a neutral system," says Minc. "They don't say it, but they do. Our stock market is Americanized, even if ours is not fully a market economy."

Business culture: American import

MARKETS OR NOT, no European economies are immune to American business culture. How could they be? They're all — after a fashion — a part of it. One reason is that Europeans tend to lack private pension funds, and the public ones — except in the Netherlands and Switzerland — are pay-as-you-go and don't produce investment capital. American pension funds can thus travel the world, throwing around their mammoth investing weight. Fully a third of France's stocks are foreign-owned, and according to Michel Albert, American retirees own 10 times more stock in France's CAC 40 companies than do French workers (who have only 2 percent of it). Half of French stocks are owned by foreign institutional investors, who — whether American or not — bring Wall Street criteria to their valuation of investments.

Here is the big difference between Europeans' relation to the market and Americans': 48 percent of Americans hold stocks, versus (if one uses the most liberal measure) 20 percent of Europeans. In Europe, equity markets have not been important. The German finance tradition, for instance, has rested since Bismarck on a network of "universal banks." In Europe as a whole, banks still finance two-thirds of business needs, versus only 20 percent in the United States — although even here the figure was as high as 80 percent 30 years ago. According to Adair Turner — a British businessman and London School of Economics professor whose brilliant study of the various European capitalisms, *Just Capital* (London, Macmillan), was published this spring — equity-market capitalization (as a percentage of GDP) has risen all across Europe in the 1990s: from 23 percent to 71 percent in Germany, from 32 percent to 116 percent in France. The value of mergers and acquisitions in Europe has increased sixfold since 1995. As American capital travels, American business folkways travel with it.

That the culture of American business has penetrated Europe is most visible in the obsessions — and the very language — of businessmen, even those most skeptical of American institutions. Inside the offices of Alcatel, which has become one of the continent's most dynamic telecommunications firms since France's burst of privatizations under Jospin, English is the language of business communications, even when a handful of Francophones are meeting to discuss internal matters. Ditto at the multinational pharmaceuticals giant Novartis, whether the employees in question are talking at the firm's Barcelona or Basel or Munich offices. The coffee shop in the German

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Foreign Ministry is called "the coffee shop im Auswärtigen Amt." And business writing seems not to be done in continental languages at all. "*Le* return on equity," writes Michel Albert in the original French, "*permet de mesurer les succès de la* shareholder value . . . *qui constitue l'objectif-clé de la* corporate governance." He is not alone in saying that the key objective nowadays is "shareholder value" — an expression one hears among European economists as frequently as the word "*oui.*"

Everyone seems to agree about this convergence of business cultures. Michel Gurfinkiel, editor of the Paris-based financial newsweekly *Valeurs Actuelles*, says, "Is Europe a common culture? No. But it has a common style of leadership. And what its leaders have in common are the American parts of their own cultures." Klaus-Peter Schmid, financial journalist for the Hamburg-based national weekly *Die Zeit*, adds that there is "no fundamental difference between the business classes of the United States and of Europe." An interesting twist on this Americanization, however, is observed by the political scientist Pierre Manent: "It is the left that is the most American part of France," Manent says. "They speak the best English, have heard the most American music, and have visited New York the most frequently." What do they want?

Whose style of corporate governance?

THE KEY QUESTIONS for those who believe in a unique European model of capitalism — or at least believe in taming the American variant — are, first, whether an element of managerial control can be seized back from shareholders; and, second, whether it *should* be seized back. To both questions, European economic thinkers tend to respond with a resounding "yes." What's fascinating is how much of this attack on the American estimate of the utility of markets derives from American thinkers. In early September, the 83-year-old Yale Nobelist James Tobin felt the need to give an interview to *Le Monde* in which he insisted that he had "nothing in common" with the French leftists who had tried to turn him into the patron saint of their crusade against globalization.

But Tobin is only the latest such guru. Berle and Means's 1932 study of corporate governance — in which the distinction between "ownership" and "management" was first laid out in a systematic way — remains influential in Europe, and John Kenneth Galbraith maintains a sway over European economic thinkers that he has lost on his native continent.

Daniel Cohen of the Ecole Normale Supérieure, who is an adviser to the government of Lionel Jospin and was a top adviser to former prime minister Michel Rocard, is as sophisticated an economist as France has today. He has written several books on the new economy for general audiences — including *Nos temps modernes* (*Our Modern Times*, Paris, Gallimard). Cohen has been particularly impressed by the Berkeley economist Oliver Williamson's

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Williamson's 1975 study *Markets and Hierarchies* (Free Press) — a book that is revered in France. "You have markets, for sure," Cohen explains. "You also have 'hierarchies,' organizations which internalize the things the market cannot internalize — in particular, longstanding relations between firms and workers. When you're in a firm, you're not in the market. What you do is, you price a longstanding relationship."

And these relationships can take many different forms, depending on the culture. The sociologist Philippe d'Iribarne spent years investigating corporate cultures in Europe and the United States and assembled his findings in a 1989 study called *La logique de l'honneur* (*The Honor Principle*, Paris, Seuil). These cultures, he found, vary widely. In the Netherlands, workers won't start a job until they're absolutely convinced why they're supposed to do it. That's different from the French model, where the worker has to pretend he's a craftsman. The U.S. model is more contractual. What's key is that French and Dutch workers consider certain tasks by definition beneath their dignity. American laborers, who see no insult to honor provided one makes arrangements as an independent contractor, are flexible about the tasks they perform, provided they can be embedded in an advantageous contract. (The same goes for off-the-job employment-related activities, such as moving to a new city to take up a new position.) The upshot is that a great deal of the American advantage in labor-market flexibility is due not to American employment policy but to American culture, and American workers' *attitudes*.

What's fascinating is how much of this attack on the American estimate of the utility of markets derives from American thinkers.

It is over the matter of employment contracts — implicit and explicit — that Europeans and Americans most clearly went their separate ways about 20 years ago. Most European economists endorse a theory of implicit contracts first laid out by former Treasury Secretary Lawrence Summers as a young academic. Summers challenged the Harvard Business School consensus that buyouts added market value to companies through increased productivity per worker. Most of the companies' gains, he said, actually came from a unilateral abrogation of implicit contracts — the seniority system, for instance, in which workers traded salary when young for security when old. It was a mere repudiation of debts. Such repudiations generated more distrust in Europe simply because Europe had more such implicit contracts. So when the 1980s and 1990s brought a revolution in the management of corporations — particularly in the provision of stock options to managers, in order that they might act more in the interests of shareholders — it was perceived as a change of regime, and resisted.

"To say 'the market is the market' — this is false," Cohen says of the

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incentives that have led to decades of layoffs — and decades of growth — in the United States. But what does he think, as an economist, of the revolution in corporate finance and management? "The fact that financial markets give a proper incentive to the manager cannot be wrong," he says. "On the other hand, we now see that there was a bubble in the 1990s. The stock market was overvalued. And therefore the idea that the stock market always gives the right incentive cannot be *right* — even about this tendency that it's a good thing to fire workers because that shows the market you're committed to reform."

Institutional investors

COHEN'S VISION IS clearly not an ideological one. That is, the strong value judgments are all at the cultural level d'Iribarne describes, and one cannot claim that his capitalism is less "capitalist" than the American variant. A great expositor of the pitfalls of thinking about such matters too ideologically is the contrarian Jean-Paul Fitoussi of the Paris-based Observatoire Français des Conjonctures Economiques (the French Economic Research Institute). While most would consider Fitoussi a man of the left, he damns the Third Way with a vehemence that, among economic thinkers I interviewed for this article, only the right-leaning Hans-Olaf Henkel could match, albeit for different reasons. "I detest the concept of the Third Way," Fitoussi says. "It's conceptually empty. To talk about mediating between the market and the state is to ignore that there's no such thing as a market *without* a state." It is in this context that Fitoussi makes his most provocative point. He thinks that the United States runs a more interventionist, more activist economic policy than the Europeans. Not only that. "Free-market dogma," he says, "is more powerful in Europe than in the United States." And he gives several reasons why.

First, America's monetary policy is more activist and flexible. Whereas Alan Greenspan is free to stimulate or stifle the American economy as he sees fit, his counterpart at the European Central Bank (ECB), Wim Duisenberg, is constrained to use monetary policy to keep inflation below a 2 percent target. The ECB is a bureaucracy that serves business, says Fitoussi. It's an Anglo-Saxon-style institution — except that it's run in a continental fashion, without the indispensable Anglo-Saxon gift for improvisation. Fitoussi's point could, if anything, be made even more strongly, with reference to the U.S. Congress's longstanding Humphrey-Hawkins Act, which established that full employment should take precedence over fighting inflation in U.S. monetary policy. But his more modest point is that Europe's hands are tied in a way that has quite conservative implications. "It's as if your Balanced Budget Amendment had passed," he says. Perhaps out of sympathy for just this viewpoint, European newspapers have lately been full of stories on the disaster that befell Argentina's economy over the summer,

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due (or so it was editorialized) to its overzealous fight against inflation — specifically its decision to peg its currency to the U.S. dollar through a currency board.

Second, Fitoussi says, the United States benefits from a de facto industrial policy, made up of government spending on education, scientific research, and military contracts, all of which are funded below the radar screen. (He refers to this complex as "occult interventionism.") In citing education, science, and military spending as glorified R&D operations, Fitoussi would seem to be on shakier ground, although the opinion is a common one throughout Europe — and particularly so now that a Defense Department networking project launched in the 1960s has blossomed into the internet and dominated the world's financial life for the past decade.

As the citizens of every European nation except Britain understand, the European Union has turned out to be a force for the free market.

At a July editorial meeting of *Die Zeit*, former German chancellor Helmut Schmidt paused to discuss George W. Bush's plans for a missile defense. Schmidt thinks it's a poorly thought out and probably futile project — as a defense project. Nonetheless, he says, "if I were an American, I would favor building it," largely because of the industrial spin-offs it would generate. Schmidt noted that, as is now well known, the Pershing missiles that he had fought to help NATO install in Western Europe in the early 1980s contained guidance systems that have revolutionized aeronautics. When an editor asked if Germany had received any of that technology for its own industries, Schmidt replied, "We weren't thinking about that then" — the implication being that this is the kind of thing Americans think about all the time.

For Fitoussi, economic performance comes down to institutions rather than ideologies. Essentially, Europe (the individual countries that comprise it) has not bought Reaganism or Thatcherism, but Europe (the supergovernmental experiment in continental federalism) has. As the citizens of every European nation except Britain understand, the European Union has turned out to be a force for the free market. In one particularly astute section of *Just Capital*, Adair Turner traces Britain's decline relative to other European countries to its decision in the 1950s to opt out of the European Common Market, and its later exclusion, on Charles de Gaulle's veto, when it sought to join in the 1960s. Since the Single European Act of 1987, almost all the EU's regulations have been in the direction of loosening controls on the mobility of capital and labor.

Almost by accident, the creation of the European Union's common currency, the euro, which will be used in all transactions in 12 countries at the

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turn of the year, turns out to have been a saving grace. And Fitoussi's defense of the euro sounds decidedly capitalist. "If anything," he says, "the euro is more *driven by* the U.S. model than a reaction to it." In retrospect, it turns out to have been the optimal response to the end of Bretton Woods-era currency stability, he thinks, which was very costly for Europe. There were several problems the euro solved. For one, exchange-rate risk meant that even the smallest businesses operating internationally had to waste time and money doubling as currency speculators — taking up hedge positions in all the currencies in which they dealt. For Fitoussi, Europe's sudden explosion of growth in the late 1990s was mainly a function of declining exchange costs.

But considerably more important than the euro's role in creating an open product market was its role in creating an open capital market. Borrowing in different currencies, of course, creates a distortion, a double risk — an exchange-rate risk on top of the issuer's risk. So until 1997, most European capital markets were domestic. British, French, and German bankers had the means to fund start-ups and mergers and undertake massive expansions. Other countries did not, and the euro turns out — in a way that few of its designers could have envisioned — to have been the handmaiden of American-style market liquidity.

As Michel Albert notes, since the coming of the euro three years ago, the traditionally border-bound Latin companies, like the Italian business-machine giant Olivetti and Spain's Repsol oil company, have made huge acquisitions themselves. In 1999 (the first year the common currency was in use for financial transactions), Olivetti tried to block a Deutsche Telekom/Telecom Italia merger with an offer of $65 billion in cash, shares, and the kind of bonds that would have been out of its reach the year before. Then Repsol made a $15.4 billion cash offer for the Argentine oil company YPF, an offer financed through elaborate arrangements with Citibank, Goldman Sachs, Merrill Lynch, Warburg Dillon Read, and Salomon Smith Barney, not to mention a handful of European banks. As one financial newsletter put it, the previously sleepy and domestically tethered Repsol thus set the records for "the largest-ever European all-cash offer; the largest Spanish industrial transaction; the largest unsolicited oil company offer; and the largest Latin American corporate acquisition." Across Europe, corporate debt issuance tripled the year the euro was launched — outstripping the previous year's total issuance by the end of the first quarter.

Two, three, many capitalisms

THE UPSHOT OF this institutional perspective is this: "You have a whole range of policies in Europe," Fitoussi notes, "from minimal state intervention to maximal. And not a single European economy has gone into meltdown in the past decade. The facts plead against ideolo-

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gy." They certainly do. Within Europe, where one ranks in unemployment and growth has very little to do with how "American" one's fiscal policy is. Europe remains more statist than America, of course. Government revenues in the United States make up 32.3 percent of GDP, as against 48.2 percent for the European Union as a whole. Britain is a kind of way station between the two systems, at 39.9 percent, while France runs at about 55 percent. That last number, more than any other, confounds free-market economists, who keep pointing to the French economy and saying it's due to collapse. Yet France has averaged 3.2 percent growth over the past four years, outstripping Britain at 2.9 percent.

Adair Turner's book has a fascinating summation of economists' conventional wisdom over the past decade — and it shows that the battle over *which* capitalism is best has not merely been a matter of a soft European version duking it out with a hard-line American one. There have, in fact, been close to a half dozen reigning dogmas over the past 10 years.

Germany's corporate organization proved well-suited to manufacturing companies, but then an industrial revolution took place.

The first is Michel Albert's from 1991 — in Japan and Germany, cooperative "Rhineland" capitalism was creating not just more stable communities, but also higher salaries and bigger profits, at a time when American productivity was flat-lining.

Then, second, as Japan and Germany stalled out in the mid-1990s, the wave of the future seemed to be the familial, trust-based economies of the new Asian tigers. (Recall Joel Kotkin's *Tribes*.)

Third, once the new Asian economies went south in 1997, "familial" and "trust-based" came to be seen as synonyms for "crony capitalism" — and the ideal economic model as consisting of a nonideological technical expertise of the sort Robert Rubin had deployed a year or two earlier to rescue shaky equity markets from the Mexican peso crisis.

Fourth was the period of seemingly unstoppable U.S. hegemony, as dot-com issues blossomed beyond the wildest imaginings of Western investors.

Now that we are in the fifth stage of economic thinking, in which none of the old remedies seem to work, Turner opines, with considerable understatement, that a "common factor independent of policy may be responsible" for these shifts.

That common factor is technology, or at least the way new technologies are brought to market. And in this light we can see that Albert was not only not ridiculous in his claims for Rhineland capitalism. He was absolutely correct — but he was in the right place at the wrong time. Looking back over the almost four decades of spectacular growth German factories created, it is clear why they worked. As Albert explains in a 25-page pamphlet written in

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written in 2000 to update his *Capitalism versus Capitalism*, from 1953 to 1990, Germany's corporate organization proved splendidly well-suited to manufacturing companies, particularly engineering companies with "long product cycles." A lens in 1986, after all, was only an improved version of what it had been in 1957. And Germany's bank-based financing system proved splendidly well-suited to providing a steady stream of funding to such companies. As Albert put it: "Those financings are very well adapted to businesses that are developing continuously and regularly."

But then an industrial revolution took place. From 1960 to 1990, the share of manufacturing in Germany's gross domestic product stayed roughly the same, varying from 34 percent to 32 percent. In the seven years after that — that is, in the very first years after Albert promulgated his thesis — German manufacturing went through the floor, collapsing to 24 percent of GDP. That sector was (in other, more flexible economies, at least) getting replaced by information technology. As an industry in its infancy, information technology was exactly the *opposite* of a business "developing continuously and regularly." Bank-based financing couldn't keep up. Albert's claim that American fund managers' focus on short-term investments harmed American productivity was, again, absolutely correct — in 1988. But short-term investments are mobile investments, and by the 1990s, mobile capital was the best kind of capital to have.

Economic policy is not an eternal verity; it's more like a portfolio of stocks. Countries may end up paying dearly for hanging onto parts of their policy portfolio (like Germany's bank-based financing) that made them rich 10 years ago; or, alternatively, they may reap windfalls from policies (like America's in favor of capital mobility) that seemed worthless in the past.

What is crucial is that such a portfolio be made up of policies that can be "sold off" as circumstances create new challenges. In recent years, the biggest challenges have come from the revolution in information technology. But any exogenous change that one can imagine — war, cold fusion, an average lifespan of 125 years — will make necessary some kind of economic-policy rejiggering. As Europe looks at the elements of the American economic model that it would like to imitate, then, a formula is the very last thing it is looking to discover. There is evidence that European Rhineland capitalism is converging with the American shareholder variety. But what the Europeans are seeking to learn is not so much capitalist doctrine as capitalist flexibility.

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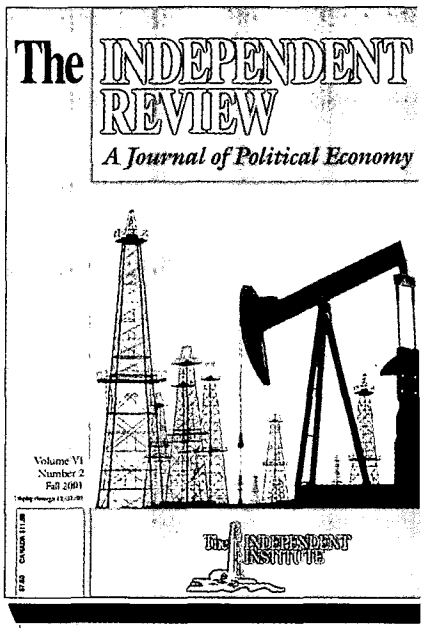

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The United States And Russia

Keeping Expectations Realistic

By JAMES M. GOLDGEIER

IN AUGUST 1991, watching Russian President Boris Yeltsin standing on the tank in defiance of the last-ditch effort of the old Soviet elite to hang onto power and empire, we were euphoric. The old guard was finished, and within months, the Soviet Union, our main adversary of 45 years, was finally placed on the ash heap of history. After the cooperation between U.S. President George H.W. Bush and Soviet leader Mikhail Gorbachev during German unification and then in the Gulf War, it seemed at the beginning of 1992 that a future partnership between Russia and the United States in a post-Soviet era would be relatively easy to achieve.

Ten years later, it is not partnership that seems to have defined the past decade, but rather growing suspicions and finger-pointing. In the U.S. 2000 presidential campaign, the talk was not about what had been achieved with Russia. It was about "Who Lost Russia?" With Russian President Vladimir Putin's government clamping down at home and U.S. President George W. Bush's top advisers initially calling Russia a threat to U.S. interests, the start of the second decade of America's relations with post-Soviet Russia is a far

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cry from the heady days of 1992, regardless of what Mr. Bush saw when he peered into Putin's soul at their first face-to-face meeting in June.

There are several reasons that we have arrived at this point. One problem was simply the overblown expectations after the collapse of Soviet communism about what Russia might achieve politically and economically. By all accounts, the past 10 years should be seen as a major victory for freedom when one compares political and economic life to the odious nature of the Soviet period, and yet instead progress seems to be woefully inadequate. Second was an underestimation in Moscow of how quickly Russian power would decline, leaving the Russian government on the outside of the agenda-setting process, especially in Europe, which is not what Gorbachev and Yeltsin had envisioned. After all, they had assumed that Russia would be part of any major decision-making on the continent, as they had been, for example, during the nineteenth-century Concert of Europe.

But these are not the fundamental obstacles to greater U.S.-Russian cooperation. To understand the crux of the problem in U.S.-Russian relations, one needs to remember what factors led to cooperation in previous eras — because none of these underlying dynamics is as powerful today as it was in the past. Russia still has an interest in integrating into the West, and the United States still has an interest in fostering this integration, but the domestic politics on both sides make this effort more difficult for the next few years than they were in the 1990s.

Past cooperation

THREE BASIC REASONS brought the United States and Russia closer together at different points during the twentieth century: the fear of growing German and Japanese power in the decades after 1905, which culminated in the creation of the Grand Alliance of World War II; U.S.-Soviet parity in strategic nuclear forces and a mutual fear that a Cold War crisis might escalate to nuclear war, which led to the cooperative competition known as détente in the early 1970s; and the domestic political needs of leaders on both sides, which produced the Clinton-Yeltsin partnership in the 1990s. Today, without an easily identifiable common enemy, fear of nuclear holocaust, or domestic political imperatives on either side, there is no major impetus to greater cooperation.

Prior to the twentieth century, neither country had had much to do with one another as there was no real need, except for isolated incidents such as the United States purchase of Alaska. But early in the twentieth century, changes in the European and Asian balance of power and the growing U.S. presence on the world stage led to a greater coincidence of strategic interests despite the political and ideological gulf that existed. Revolution in 1917 brought to power a regime in Russia that sought to undermine the capitalist order, and the United States did not even recognize the Soviet government

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until after Franklin Delano Roosevelt became president in 1933. By that time, both countries were concerned about rising German power in Europe and Japan's invasion of the Asian mainland. Even so, the Soviets shocked the world with their secret pact with the Nazi government in 1939, forestalling any cooperation with the West for two more years. But once the Soviet Union and then the United States had been attacked in 1941, a Grand Alliance was virtually inevitable regardless of the ideological opposition.

FDR had gone out of his way to try to placate Soviet leader Josef Stalin during the war, culminating in the agreement at Yalta in early 1945 that became a symbol of perceived Western acquiescence to Red Army dominance in Eastern Europe. Much has been written about missed opportunities from 1945 to 1947 to forge some type of cooperation before the blocs truly hardened in Europe. And yet, as classic balance-of-power theorists of international affairs would expect, once a common threat had been defeated in 1945, it was difficult to avoid major power rivalry between the two greatest world powers, even if misperceptions and miscalculations perhaps hastened, deepened, and lengthened the Cold War hostilities between them.

The past 10 years should be seen as a major victory for freedom, yet instead progress seems woefully inadequate.

The Cold War's most dramatic moment occurred over Cuba in October 1962. Following Moscow's humiliation — which the United States, the Soviet Union, China, and Cuba each attributed to U.S. military superiority — the Soviet Union embarked on a dramatic military buildup, closing the missile gap and achieving parity in strategic nuclear forces by the onset of Richard Nixon's administration in 1969. With the United States looking for help withdrawing from its costly war in Vietnam, and with both sides looking to regulate their Cold War competition by trying to prevent crises from escalating into nuclear war, Nixon and Soviet General Secretary Leonid Brezhnev pursued détente. Détente did not mean that the sides would stop competing; it was an effort to place some boundaries on that competition. And the two leaders pursued détente not simply as a desirable foreign policy in and of itself; rather, each used détente and the rhetoric of cooperation for domestic political purposes.

Détente had a brief heyday in 1972-73, marked by the agreement to limit strategic offensive nuclear launchers (SALT I), the Anti-Ballistic Missile (ABM) Treaty, and rules of the road embodied in the Basic Principles Agreement and the Agreement on the Prevention of Nuclear War. But the perceptions on both sides of what détente meant were fundamentally at odds. The United States viewed détente as a means of preserving American superiority for as long as possible; the Soviet Union saw détente as a means to keep a competition they thought they were winning from escalating to

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nuclear war. With the United States embroiled in Vietnam and facing economic challenges from a rebuilt Europe and Japan on the one hand, and the Soviets outpacing the United States in building nuclear weapons on the other, there was a general perception that the U.S. position was weakening and the Soviet position was strengthening.

War between Arabs and Israelis in October 1973, civil war in Angola in 1975-76, and finally the Soviet invasion of Afghanistan in December 1979 killed détente. The Cold War resumed at the end of the Carter presidency and particularly after the onset of the Reagan presidency in 1981. By then, Soviet hopes that the United States was in retreat had been dashed, as the United States had begun a new military buildup and the Soviet economy was clearly stagnating. Mikhail Gorbachev's rise to power in March 1985 swung the pendulum dramatically back again toward cooperation. Gorbachev quickly realized that to have any hope of achieving his goal of restructuring the Soviet economy, he needed a more benign international environment. A less hostile world would mean that he could shift money out of the defense sector to raise the standard of living in an economy that had slipped from second to third, behind that of Japan.

It seemed to many in the West that with Boris Yeltsin in power, a new world order could be forged.

To forge this new world, Gorbachev agreed to reductions in intermediate-range nuclear weapons as well as conventional weapons in Europe, pulled the plug on financial assistance to Eastern European communist rulers and other anti-Western regimes, and withdrew Soviet troops from Afghanistan. His unwillingness to use 300,000 Soviet troops in Germany as a tool to prevent German unification, and then his support for the coalition against Iraq in 1990-91, signaled that there were apparently no limits to Soviet acquiescence to the American global agenda.

Remarkably, in 1991-93, Boris Yeltsin sought even *deeper* partnership with the United States. Yeltsin wanted Western assistance not only for his domestic reform programs, but because he was trying first to outflank Gorbachev and then to defeat the remnants of the Communist Party of the Soviet Union, which dominated the Russian parliament. To outflank Gorbachev, he had to show that he was the real democrat, the real reformer, which meant going even farther in satisfying the demands of the United States and its allies. As he worked to consolidate his power in Russia in 1992-93, Yeltsin wanted to destroy the Communist Party. In that process, he and his foreign minister, Andrei Kozyrev, were eager to develop the most pro-Western foreign policy platform imaginable for a Russian government.

After Bill Clinton assumed the presidency in January 1993, Yeltsin had a partner whose domestic political needs for good relations were equal to his own. Clinton's agenda (like Gorbachev's after March 1985) was focused like

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a laser beam on the domestic economy. And given his spending priorities in education and health care, he could not afford any renewed threat from Moscow that might lead to higher defense budgets. Even more, it seemed to many in the West that with Boris Yeltsin in power, a new world order could be forged — with a democratic, market-oriented Russia integrated with the rest of Europe (finally). Assisting Russian political and economic reform became Bill Clinton's top foreign security policy priority at the start of his presidency, as he and his top advisors proclaimed often in the first half of 1993. Signaling this, his first trip outside the country was to meet Yeltsin in Vancouver in April 1993, where he unveiled a huge assistance package for his new friend.

The current situation

In each of the earlier periods — the 1940s, the 1970s, and the 1990s — international or domestic pressures forced cooperation. Even so, rivalry between the United States and Russia continued to exist. During World War II, the two raced to control territory in Europe and Asia as the war wound down; during détente, they continued their efforts to dislodge one another from various Third World outposts; and in the 1990s, they were at odds over American-led efforts such as NATO enlargement and the war in Kosovo and over Russian exports of sensitive technologies to Iran and North Korea.

In addition, in both the 1970s and the 1990s, while leaders had domestic support for cooperation, there were also powerful domestic forces in both countries that opposed engagement and cooperation. American opponents of détente believed that the United States was not forceful enough regarding Soviet human rights abuses, and, indeed, about Soviet strategic ambitions; led by Sen. Henry M. Jackson, they undermined Henry Kissinger's efforts to craft a subtle, nineteenth-century-style foreign policy in which the superpowers would accept each other's sphere of influence. Meanwhile, Soviet military and ideological hard-liners pressed Moscow to continue the global competition even while the technocrats were trying to gain access to Western economic credits and know-how. In the 1990s, Clinton's foes in the U.S. Congress and Yeltsin's in the Russian Duma worked hard to deny the two presidents the opportunities to engage as fully as they wished. Republicans in Congress believed that a country selling nuclear technology to Iran should not be rewarded with more aid (aid that did not seem that well spent when it went straight to the government anyway). Communists in the Russian Duma were not going to ratify START II as long as Yeltsin was president, even if they realized that Russia's arsenal was going to decline for financial reasons while the United States could afford to maintain as high a level as it wished.

Today, rivalry on various issues remains, as does strong political opposi-

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tion to greater cooperation. Prior to September 11, 2001 there did not appear to be any pressing international or domestic forces that would push the other way and induce either country to make a major effort to cooperate. The United States and Russia have for some time theoretically shared an interest in keeping Iran or Iraq from developing nuclear weapons or in keeping the territory of Afghanistan from being used as a staging ground for international terrorism. Even after the horrific attacks on New York and Washington, the threats posed today are much vaguer and harder to pinpoint than were the threats of the 1940s, and thus by themselves they are unlikely to produce sustained cooperation.

In addition, while there are plenty of security specialists on both sides who still press the leaders to worry about nuclear holocaust and the vast number of missiles that remain on a high state of alert, it is difficult to generate much enthusiasm for the problem among the broader population because there is little worry that either country might deliberately start a war or even that a crisis situation might develop that would have the potential for escalation. There is some concern about accidents or unauthorized use, but these do not induce the same sense of urgency that existed during the Cold War. And these pale in comparison to the sense of danger people have felt coming from other sources since the September terror attacks on New York and Washington.

Finally, neither leader benefits much politically from good relations. Bush will not strengthen his domestic political base with lower defense budgets as Clinton did, and in any case security concerns about Russia can no longer be said to be a primary consideration in assessing threats or planning spending levels to meet them. Meanwhile, Putin did not gain power the way Yeltsin had; he won by portraying himself as a nationalist who could bring back some standing to the country, not as a Westernizer who was looking for ways to accommodate Washington.

Bill Clinton did not travel to Europe for a summit with NATO leaders until January 1994, nine months after he had met Yeltsin in Vancouver. George W. Bush made it clear during his campaign that before meeting with Russian (and Chinese) counterparts, he would meet first with his friends in Latin America, Europe, and Asia. And he did. As for Russia, Putin has no incentive simply to go along with the U.S. agenda without getting something tangible in return. After all, Yeltsin in the end never did get much for his accommodation.

A new basis for cooperation?

AND YET. Bush cannot afford a fight with Russia if he wants to redirect resources to deal with a terrorist threat and a rising China. And Putin does need the United States to pay attention to him in order to look like a major world leader — after all, creating bipolar

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moments is a lot harder than it used to be. And so, despite the early predictions, the two leaders appeared quite chummy in their first encounters during the summer of 2001.

In fact, the Bush Russia policy in substance turns out to be not that different from where the Clinton administration left off — that is, after the Yeltsin years were over. Over the course of the Clinton administration, the United States developed an agenda in the Balkans, Iraq, and other places, and Russia's weakness meant that it could do little to stop the United States from pursuing what it deemed in its interests. And Clinton never developed a relationship with Putin as he had with Yeltsin. The difference between where one administration left off and the other began is not so much in substance as in style. (A President Gore might well have pushed for some kind of missile defense, given political realities in the United States today that favor pursuit of at least a minimal shield against ballistic missiles, but he would not have made it a top foreign policy priority. He would also have continued to press Moscow on its sales to Iran. But his rhetoric and desire for engagement would have been noticeably different. Al Gore, after all, would have made the continuation of the ABM treaty regime a top priority.)

Bush cannot afford a fight with Russia if he wants to redirect resources to deal with a terrorist threat and a rising China.

Russia's ability to adjust to its change in status from a major global actor in the late 1980s to a large territory beset with enormous political and economic weakness in the early 2000s has been difficult. The former superpower has not adjusted as easily as Britain did in the years after World War II, for example. But the fact that Russia is weak does not mean it cannot hurt the United States. And the fact that Russia is weak does not mean that Russia cannot help the United States. Many of the threats that face both the United States and Russia are best dealt with together, and Russia can certainly make the threats that exist worse for American interests. These include terrorism, the proliferation of weapons of mass destruction, and the flow of illegal drugs. Each country has a lot to offer the other to deal with problems that affect both countries, though it would take farsighted and strategic leadership to recognize the value in real cooperation at a time when there is no great pressure for it within either nation.

But if we really want something from Russia, we have to offer something to them — and vice versa. One possible source of cooperation would be the rise again of a threat that would loom so large to both countries that it does not even take farsighted leadership to recognize the value in cooperation. Perhaps China will play that role down the road. A massive Chinese military buildup would threaten both the United States and Russia. Chinese threats

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to Russian territory as well as to Taiwan and other U.S. allies in Asia might lead to the kind of pressures for cooperation that existed in the first half of the twentieth century. But one should neither wish for this future nor develop policies to bring it about. Rather, we should consider ways that the two countries can benefit from significant cooperation with one another, not as an end in itself, but rather to further strategic interests in both Washington and Moscow. And the most fruitful place for cooperation remains in Europe — where the most important question remains Russia's place as a Western power.

Cooperation in Europe

THE FIRST MEETINGS between Bush and Putin suggest that on each side, the president and his advisers may realize that Europe is one area where each country truly needs the other to fulfill its wider agenda. Yes, the United States can enlarge NATO or fight a war over Kosovo even if Russia stands in opposition. But to advance the American objective since 1989 to extend the Western zone of peace and prosperity and foster a Europe "whole and free," Russia has to be integrated. Without an integrated Russia, there is too much potential for instability in the Baltics, Ukraine, and the Caucasus. Instability in those regions then puts pressure on U.S. allies like Poland and Turkey. And in general, the Europeans will worry if Russia is either unstable or menacing or both, and they will object to American policies that seem designed to bring this about.

Putin also needs Russia to be part of Europe to fulfill his foreign and domestic agendas. Russia's European border is its most stable, and remains the most promising source of foreign investment. Unrest to the south, and particularly activities fostered by Iran and Afghanistan, are only likely to become greater concerns for Russia as it worries about instability in the Caucasus and Central Asia. To the east, while a fruitful Russia-China relationship has developed, it will always be uneasy, especially as China gains so much economic and military power relative to Russia. Compared to these other areas, Europe is the natural place for Russian foreign policy makers to seek good relations. There is no threat of military incursion or fomenting of religious strife as there is elsewhere.

Thus, despite it all, Russia would appear to have no choice but to try to be part of the West. And while American critics of the West's Russia policy focus on bad economic advice from the IMF or on young Western know-it-alls telling Russia how to run elections, keep in mind that there was someone on the other end in the 1990s who wanted the advice in order to be part of the club.

The rhetoric of Russia in Europe, however, is not the same as Russia being a significant force in major European institutions. It is not easy for the West to find a place for Russia as both the European Union and NATO

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enlarge, nor is it easy for Russia to find its place. The Europeans can help as they enlarge their Union by minimizing problems for Russia in Kaliningrad or on the border with the three Baltic countries. This will require consideration of special economic zones in areas bordering the EU in order to minimize the effects of enlargement on the eastern part of Europe. Those worried about a new dividing line in Europe should focus on the EU, not NATO, given the Union's strict border regime.

But even if EU enlargement is potentially much more devastating to Russia's interests than NATO's forays, only NATO is a four-letter word in Moscow. Over time, the alliance must find a way for a democratic Russia to have a place in European security decision-making. It is understandable that NATO does not want to privilege Russia over those countries aspiring for membership. Nor does it want Russia to have a veto over NATO operations. But especially on issues such as terrorism and proliferation, real Russian participation in decision-making should be welcomed if Russia lives up to its end of the bargain by working to combat these common threats rather than simply trying to find ways to weaken the alliance's ability to function. The Permanent Joint Council established by the 1997 NATO-Russia Founding Act was a start but never really developed because of the suspicions that remain on both sides about the other. It meets regularly — although it was interrupted for a year by the war in Kosovo and its aftermath. But does it do anything? Because the NATO countries reach a consensus before meeting to discuss anything important with Russia, this means that to the West, it often appears that Russia is merely there to undermine NATO — whereas to Russia, it appears that the West is merely looking for Russia to give it a green light to act.

Over time, NATO must find a way for a democratic Russia to have a place in European security decision-making.

Ever since Thucydides, we have known that states view growing power elsewhere as a matter of grave concern. And thus it is natural for Russia to look at the enlargement of the EU and NATO as threats. It is not, however, productive; Russia would seem to be better off looking at these institutions as providing opportunities for it to be part of the new Europe. But because of the mutual suspicions that have grown stronger, the effort to bring Russia into Europe is not as easy as it might have appeared in the early 1990s. Russians see the West as having taken advantage of the end of the Cold War in ways that highlighted Russia's diminished status. NATO's inclusion of Poland, Hungary, and the Czech Republic as new members started this process, and the war in Kosovo provided an even bigger shock. But for the West, the war was a shock as well, because Russia was siding not with a military campaign on behalf of a victimized population, but rather with

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Slobodan Milosevic, whom the West considered the greatest (if not only) threat to post-Cold War European security and stability.

Mutual suspicion

As the second decade of the post-Soviet era begins, the domestic political mood in both the United States and Russia regarding the other is highly suspicious. U.S. critics of the Clinton administration's Russia policy believe either that the United States does not really need to work with Russia, that Russia's behavior in Chechnya should provoke U.S. disengagement, that Russia really cannot be trusted especially regarding sales of sensitive technologies to states of concern, or all of the above. Russian critics of the Yeltsin administration's policy believe that Russia was taken for a ride in the 1990s by Western governments and financial institutions that were determined to ruin Russia in order to eliminate it as a threat once and for all.

These kinds of perceptions on both sides existed in the 1930s, and they were put aside (temporarily) only when Germany and Japan became the larger threat. There is no comparable threat today to bring the United States and Russia closer together. And yet, there is no objective basis for either to be seen by the other as an enemy. Neither wants to attack the other. Each has bigger worries: For the United States, it is terrorism as well as China's rising power; for Russia it remains domestic stresses and strains.

In the end, real leadership on both sides may lead both presidents to decide that they can and must go beyond muddling through to take advantage of opportunities to engage one another seriously. Both Clinton and Yeltsin stared down domestic critics who believed that disengagement was preferable. Russia's integration into Europe remains of fundamental interest for both sides. It may be that the European Union takes on more of the burden for this effort, which should be fine with the United States, given its many global responsibilities. And yet, as Bush and Putin look to their European agenda or to their concerns regarding terrorism and proliferation, they should realize that they need to make some effort to cooperate. It is unlikely to be 1990s-style U.S.-Russian relations, but given how overblown the expectations were about what such cooperation is capable of producing, finding some middle ground between that era and the malaise that existed early in 2001 may be what each side should be looking to promote.

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A Better Way To Regulate

What Government Can Learn from the Market

By JOSEPH V. KENNEDY

AT LEAST SINCE RONALD REAGAN'S election in 1980, voters have expressed dissatisfaction with the traditional, 60 year-old model of government involvement in both the economy and society. Yet this dissatisfaction has resulted in relatively little in the way of comprehensive government reform.

There is a reason for the relative unresponsiveness: the fact that regulation is allowed, and sometimes mandated, by federal statutes that poorly reflect market conditions. To significantly improve government performance, statutory reform must precede regulatory reform and must be carefully tailored to the specific market imperfections that government involvement is designed to correct. Instead, the outdated structure of government statutes often impedes the economy from adapting to new conditions.

Regulation has always been important to economic and social prosperity. But it often imposes unnecessary social costs, reducing competitiveness and economic growth. Over the past few years, the broader public has begun to

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demand improved government efficiency. In the early 1990s, a book by David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector, From Schoolhouse to State House* (Addison Wesley, 1992), remained on the national bestseller list for over a year. The Clinton administration engaged in a well-publicized attempt to reinvent government led by Vice President Gore's National Performance Review. Within Congress efforts have focused primarily on regulatory reform, one of the 10 items in the House Republicans' 1994 "Contract with America." Although opposition has frustrated reform, congressional Republicans continue to push for key changes in regulatory procedures. These include increased use of cost/benefit analysis, compensation to property owners for the loss in value of private property due to regulation, risk analysis, peer review of agency scientific findings, and broader legal powers to challenge agency determinations in court.

Although almost everyone now acknowledges the need to improve the way government operates, the two parties have taken very different approaches. Democrats have generally preferred a piecemeal approach to reform, taking each regulation or issue separately. This approach, which assumes that government is already doing the right things but needs to do them better, has produced some gains. The Clinton administration ordered each agency to develop plans to reduce unnecessary regulations, become more user-friendly, and adopt a policy of cooperation rather than confrontation with the private sector. The Internal Revenue Service was reorganized. Major regulatory agencies such as the Occupational Safety and Health Administration and the Environmental Protection Agency announced that they were reducing the size of their regulations. Although helpful, these marginal reforms do little to improve the basic structure of the relationship between the government and the private sector.

Republicans so far have focused on broader regulatory reform and efforts to constrain the growth of federal power. Their efforts attempted to shift the balance between regulatory agencies and the private sector by increasing the procedural requirements agencies must meet before promulgating regulations that impose substantial costs on the private sector. Efforts to restrain government spending would force agencies to set priorities among numerous objectives, abandoning those that offer little public benefit.[1] The Republican leadership has succeeded in reforming the law in some fields such as welfare, agricultural commodity programs, banking, and worker training. It has also made major progress in other areas such as bankruptcy and telecommunications. In each case, Congress rewrote the underlying statutes governing fed-

[1]Republicans have also used the appropriations process to attach riders that restrict the use of appropriated funds. Depriving an agency of the funds to carry out actions authorized by current statutes is at best a weak alternative to rewriting the laws, however.

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eral policy. However, relatively little has been accomplished in other regulatory areas such as the environment, worker safety, food and drug inspection, education, and housing — largely because efforts have been limited to improving the regulatory process while preserving the existing statutory framework.

A primarily agency-based regulatory approach is unlikely to produce lasting improvements in the way government works, however. Although incremental reform can produce gains, it does not address the more serious structural problems facing government. Democrats still seem unwilling to challenge the basic philosophy that has guided government's growth since the 1930s. Republicans, although more convinced of the need for structural reform, have been reluctant to rewrite the major statutes that define the relationship between business and government. And without a clear theory of government, both parties have been unable to distinguish among competing private interests and form a consensus around an alternative approach.

Government's proper role

ANY ATTEMPT TO CHANGE existing laws will set off a clash of competing interests. Efforts to reinvent government must therefore be guided by a theory of the proper role of government, capable of helping legislators distinguish among these interests. Theory, in turn, requires an appreciation of the strengths and weaknesses of private markets.

Over the past six decades, two views of the proper relationship between the private and public sectors have contended for support. The left argued that the public sector represents the repository of popular consent without which all private activity is suspect. As the repository of consent, government is better able to consider all the interests of society and, through proper planning, can command the private sector to produce optimal results.

This view is motivated by a philosophy of government that puts great faith in the ability of government agencies to discover and implement the best public policies. Regulatory agencies were given broad powers to interpret and enforce legislation. The existence of specialized agencies often gave Congress an excuse to pass vague and often contradictory statutes, leaving important public issues to regulators rather than elected representatives to decide.

Unfortunately, this approach often failed to achieve important social goals at a reasonable cost and produced rules that were unable to adapt to changes in the economy. For instance, until recently banking and securities laws seriously impeded the ability of financial markets to take advantage of changes in international finance and technology. Efforts at statutory reform often lag as much as a decade behind market developments as regulators and legislators struggle to understand changing conditions. Several addition-

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al years can separate the beginning of reform efforts from the appearance of a final bill and accompanying regulations, by which time the markets have evolved further.

Although statutes are frequently amended, changes usually add a new layer of complexity to existing law. The basic approach to federal involvement is seldom reformed to reflect new circumstances. Over time, regulatory agencies often fall into a bureaucratic mindset that lacks an appreciation and understanding of market forces. At other times, agencies become hostage to special-interest groups and reflect their views rather than the public interest. Most important, the goal of minimizing costs is not stressed nearly as much as that of increasing perceived benefits.

Regulatory agencies often fall into a bureaucratic mindset that lacks an appreciation and understanding of market forces.

Libertarians believe that private markets, which allow each individual to make his own decisions, increase freedom. The legitimacy of market solutions comes from their voluntary nature rather than from government sanction. Although full of uncertainty and imperfections, markets provide an incentive for continued improvement and increase public welfare by offering greater flexibility and choice. Although both the libertarian and progressive approaches are logically consistent, in practice the market approach has clearly done a better job of increasing living standards for the majority of citizens over the medium and long term. *Any successful efforts to improve government performance significantly must make greater use of market forces to increase individual welfare.*

Yet, the superiority of market forces does not eliminate the need for government. The efficient operation of any market requires a clear set of rules that guide expectations and encourage people to reach mutually beneficial agreements. Government's most important role is to define the general rules within which the markets are allowed to operate and to resolve disagreements about how these rules apply to specific cases.

For example, corporate law including limited liability allows individuals to buy and sell stock in individual companies without risking more than the price of the stock they are purchasing and, in most cases, without noticeably affecting the management and operations of the company. This freedom allows companies to raise large sums of capital quickly and efficiently.

Conversely, Hernando De Soto in *The Mystery of Capital* (Basic Books, 2000) argues that a major obstacle to economic growth in many developing countries is the absence of institutions that allow individuals to sell and mortgage the little wealth they already have. The legal systems in these countries also make it difficult for average citizens to create a new business or develop property.

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Most of the burden of defining the rules that apply to specific market transactions has traditionally fallen on the courts, which adjudicate individual disputes by applying an accumulated body of case law. Complex legislation is seldom necessary for this task. Only in the past few decades have the legislative and executive branches asserted their influence through detailed legislation and regulation.

When government limits itself to the role of applying general rules to specific cases, markets usually produce good results. In fact, in most cases there are good reasons for believing that government planning will not produce better economic or social results than efficient markets. Unless one believes that the public sector can out-plan the market, public preemption of private markets is justified only when a clear market failure exists.

However, in some cases the outcomes produced by private markets may be seriously flawed. There are a number of reasons why this may be so.

Some views may not be adequately represented in the initial bargaining. Private markets generally do a good job of balancing competing interests. However, these interests are generally weighed according to the financial resources each party is willing to put behind its position. The interests of those with inadequate income generally are ignored. Aside from war, the appearance of famine anywhere in the world is due solely to the inability of the inhabitants to afford the relatively minimal cost of producing and delivering food to them. Where individuals are unable to afford basic goods at the market price, redistribution of income can give beneficiaries the market power to make their needs felt.

Although government activity is never free, at times its involvement reduces the total costs of producing a given good or service.

Bargaining among competing interests is never perfect. Transactions and information costs may make it difficult for private parties to reach a favorable agreement. Private parties already have an incentive to develop ways to reduce these costs. In some cases, however, government may be better placed to perform this service. Although government activity is never free, occasionally its involvement can reduce the total costs of producing a given good or service. The pension aspect of Social Security made much more sense when relatively high brokerage fees made it difficult for the average worker to create a diversified investment portfolio. Technological advancements have reduced this rationale, however, by allowing mutual funds to keep track of millions of individual accounts at a cost of less than 1 percent of assets. Perhaps the best way of deciding whether government services truly add value is to make the private beneficiaries pay the full cost of having government provide them while allowing private and nonprofit organizations to compete on equal terms.

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In many cases part of the problem is that consumers have a difficult time verifying the quality of a good or service. Government safety, inspection, and licensing regulations have usually been justified by pointing to the need to guarantee that certain products, such as beef and children's toys, meet minimum standards of public safety. However, it is not clear that in setting these standards, government regulators will reflect popular opinion in making the tradeoff between the costs and benefits of added safety.

The outcome of private markets is likely to be fairer if competition among producers and consumers gives each person a number of choices. Competition in some markets may not produce an adequate number of players to guarantee true competition. Each competitor has a strong incentive to prevent others from competing with him on equal terms. These efforts retard market efficiency and limit choice. The need for antitrust enforcement and government regulation of natural monopolies is well established. It should be noted, however, that technological innovation and the integration of global markets have already introduced greater competition into many markets. In some cases such as long-distance telephone service and electricity, markets that were once assumed to be natural monopolies have been opened to competition, reducing the role of government.

Finally, in some cases the outcome of private markets may still be regarded as inferior even if all sides are adequately represented. Private markets generally do not pursue any goal broader than the private interests of their participants. Although these private interests may include social goals such as charity and collective action, public officials may feel that the market still ignores broader social goals that cannot be achieved merely by rebalancing the power of competing interests. This rationale for government intervention is the most problematic, because it assumes that government policymakers know better than the private sector what is best for society. It also assumes that these public goals are sufficiently important even though private demand for them in the marketplace is weak.

A better approach

GOVERNMENT INVOLVEMENT should reflect the type of market imperfection that the law seeks to redress. As much as possible, intervention should be limited to rebalancing or adjusting the workings of the private markets, allowing normal market forces to determine the final outcome. A central weakness of current reform efforts is that they often concentrate on the symptom rather than the cause of government inefficiency and allow little flexibility for future innovations. Too often, poorly designed laws yield bad regulation. The traditional approach to government has been to override market forces by imposing an outcome irrespective of economic reality and having government agencies handle many activities better performed by the private sector. Rather than rebalancing the legal and

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economic resources of individuals participating in the market and then stepping back to allow the normal bargaining process to work, laws have created complex structures within which markets have limited freedom to operate. This approach requires a much greater degree of regulatory intervention, since the government must now make many of the decisions that are normally made by suppliers and customers. These statutory structures are usually unable to adapt to rapid technological, social, and economic change, causing the industries to lose competitiveness.

Statutes are often poorly worded and leave the agency with a vague mandate and tremendous discretion. As a result, agencies rather than Congress conduct the delicate balancing of public interests that democracy normally reserves for the elected representatives of the people. Under the Administrative Procedures Act (APA), courts may not overturn agency regulations unless they are arbitrary or capricious. The courts have applied this test even when the agency is interpreting the scope of its own powers.[2]

Wherever possible, government intervention should harness rather than override market forces. Where there is no clear market failure, government involvement should cease. For example, since there is no evidence that agricultural markets cannot operate efficiently on their own, the federal government should stop regulating prices and quantities through commodity programs and marketing orders.

Where the problem is an imbalance in the power of competing interests, the government should attempt to redress this balance by increasing the relative financial or legal powers of underrepresented interests. Vouchers for food, housing, and education give low-income individuals the purchasing power to meet their needs without depending upon the often shoddy operation of government housing and schools. The final outcome, however, should be left to market forces and the normal dispute resolution powers of the civil courts.

Where high transaction or information costs impede the normal operation of private markets, government should concentrate on serving as a focal point for market forces. Many have argued that the federal government should extend the Federal Employees Health Benefits Program and the Thrift Savings Plan to all workers. Each model provides good service and

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[2] Congress usually gives the relevant agency explicit power to promulgate regulations to carry out the purposes of the statute. But agencies must often interpret what Congress intended when it passed a statute. This is especially true if the legislation was hastily or poorly drafted. However, neither the statutes nor the APA requires courts to give agencies broad deference in interpreting the scope of legislation. This power should be reserved to the courts, guided by the wording of the statute and its legislative history. Agencies have often used the discretion given to them by the courts to increase their jurisdiction by expanding the interpretation of a statute beyond what Congress intended. There is no constitutional requirement that courts acquiesce in this expansion of powers.

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individual choice at competitive costs. Extension would ensure that every employee had at least one good option available. But care must be taken to ensure that the government is truly adding value to the market. This is best done by allowing private and nonprofit entities to compete on equal terms.

Finally, if private markets prove incapable of meeting important social goals, the government may have to mandate their achievement. In many areas, there is a level of air and water quality that society is unwilling to go below, no matter how much the polluting industries pay. In general, the market should be allowed to discover the best way of achieving this mandate, however.

Activities for the private sector

GOVERNMENT HAS OFTEN intervened even in the absence of any underlying defect in market forces. If government ended its involvement in these markets, the markets would operate *more* efficiently and overall social welfare would be *higher*, not lower. In such cases, regulatory reform of the type often advocated by congressional Republicans misses the point. A better solution is to repeal the authorizing statutes and end the government's involvement entirely.

Improper involvement can take several forms. In some cases the government is a direct participant in the markets, providing services that are traditionally supplied by the private sector. For example, federal agencies provide electricity (the Tennessee Valley Authority and Power Marketing Administrations) and run hospitals (the Veterans Affairs clinics). Even in cases where government support is necessary, such as prisons, highway maintenance, and education, many if not most of the services can be turned over to the private sector, provided that good market rules are in place to ensure competition, choice, and the proper balance of costs and benefits. Privatization or contracting out of services can increase efficiency, reduce the size of government, and often, but not always, reduce government outlays.

In other cases, the government heavily regulates the free operation of market forces, influencing their outcome. Peanut and tobacco markets are both inhibited by federal laws that prohibit new farmers from competing on a level playing field. Sugar growers benefit from high tariffs that allow domestic prices to exceed world prices. Davis-Bacon legislation and restrictions on hiring permanent replacement workers both limit competition in labor markets, raising the cost of public projects.

Sometimes the government allows private markets to operate but delivers large subsidies to some participants in order to skew the final result. Public transportation is heavily supported by federal subsidies, as is low-income housing. Usually, these subsidies are delivered not to consumers who lack purchasing power, but to suppliers of services that the government thinks are in short supply. Because their consumers continue to lack the purchasing

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power to shop elsewhere, suppliers continue to lack an incentive to deliver the services efficiently and in good quality. A private monopoly has replaced a government one. Centralizing the delivery of subsidies also allows political favoritism rather than market forces to guide the distribution of funds. To try to prevent this, the government often heavily regulates the use of these subsidies, introducing further complexity. The delivery of vouchers to those who lack purchasing power gives recipients direct market power and allows other suppliers to enter the market, providing greater choice. It also reduces the need for heavy regulation.

In some cases government involvement, though originally justified, is no longer needed. Technological advances in the electricity and telecommunications industries have dramatically reduced the need for government regulation of what were once considered natural monopolies. Previous deregulation of the natural gas, trucking, and airline industries has produced significant social benefits even though the remaining markets are not perfect.

Vouchers give recipients direct market power, providing them with more choice.

Finally, in some cases the government has skewed market forces in a way that prevents normal checks and balances from operating. The resulting market failures then create a need for further government regulation. An example is the heavy regulatory burden placed on employers who offer health or pension plans. Employers first began to offer these plans in order to circumvent wage controls during World War II. A unilateral decision by the Internal Revenue Service that these benefits did not constitute taxable income continued to skew market forces in favor of employer-provided plans even after wage controls were lifted. Because employees would rather save and purchase medical services with pre-tax rather than post-tax dollars, employers have become heavily involved in both the savings and health care markets. Complex legislation such as the Employee Retirement and Income Security Act (ERISA) was then required to ensure that employers live up to their promises and to minimize the resulting tax loss. If the government taxed these benefits as income, the role of employers and the need for government regulation would fall dramatically. As markets evolved, employees would have more choices and a greater opportunity to choose the plans that are best for them.

In each of these cases, the underlying test for continued government involvement should be whether there are sufficient incentives for the private sector to deliver goods and services at an acceptable price. Usually, when all consumers have sufficient purchasing power, the answer is yes. When some participants lack purchasing power, the best approach is to explicitly redistribute income to those in need, allowing recipients to choose the services that are best for them. This makes the immediate effect of government inter-

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vention more transparent and maintains the market's ability to respond to new opportunities.

Privatization will not necessarily make markets less complex. Even private companies have complicated internal control mechanisms and standard operating procedures. These private regulations do not have the force of law behind them, however. Other suppliers are allowed to experiment with different rules. And because they are subject to market pressures, private rules are likely to be more flexible and efficient than are government regulations.

The greatest impediments to reform in these programs are the vested interests that benefit from the current pattern of government regulation. Almost any public intervention, no matter how poorly executed, benefits someone, even if overall welfare is reduced. The beneficiaries of government intervention have strong incentives to resist any reform that would reduce their benefits. Because they have developed an expertise in the complexities of current programs, they also have an informational advantage over reformers.

High transaction or information costs

PRIVATE MARKETS ARE neither perfect nor without cost. Efficient markets require information and coordination so that buyers and sellers can enter into agreements with a minimum of effort. In many cases the government, by reducing market uncertainty, can lower the cost of doing business. This is especially true in setting market standards. The vast body of contract law makes the implementation and enforcement of written agreements much more predictable. Intelligent bankruptcy statutes quickly redeploy capital to more productive uses and make it possible for owners to borrow using their assets as collateral.

There are many ways to intervene in markets. The costs and benefits of government policy in a given area depend upon the exact form of regulation it pursues. In general, government should try to intervene as little as possible while still accomplishing its goals. In setting goals, policymakers should not try to achieve specific outcomes but should respect the market's power as a mechanism to search for the best results.

In many cases, a product's quality matters a great deal to buyers. Both the producer and the consumer have an interest in certifying that the product meets certain standards, even if the standards are relatively low. Because they have different interests, however, it can be difficult to measure quality accurately without an objective standard.

The government has a strong interest in ensuring minimum standards in areas such as food safety, airline inspection, accounting, and technology. These standards help reduce the cost of communication and increase the level of confidence among buyers. Because they help assure consumers, good standards can increase market demand and allow producers to obtain a pre-

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mium when they offer higher quality. They also protect producers from being undercut by sellers who deceive buyers with products of inferior quality. Several points should be kept in mind about the government's role in setting standards, however.

First, the value of having standards depends upon how well they are set. To add the greatest value, standards should carefully reflect actual market needs. Appropriate standards must take into account both current demand and supply conditions and available technology. Both consumers and producers should have a strong role in helping the government choose standards. The National Institute of Standards and Technology is a good example of how the government can add value by coordinating efforts among private parties to set technical standards. To take an obvious example, it helps to have a central and controlling definition of an inch that all parties can turn to when disagreements arise. Often the mere presence of a well-known standard ensures that disagreements are rare.

Second, in cases such as food safety and building codes, there should be more than one quality standard. The existence of multiple standards allows consumers to trade off different levels of quality for price. It gives producers the opportunity to establish a reputation for superior quality and to command a premium for doing so. And it eases the introduction of new technology into the marketplace by allowing quality to improve at a faster pace than do the standards. There should be at least one "stretch" standard to create a market for new technology that allows superior quality.

The federal government establishes several standards for beef quality ranging from Choice to Lean. Unfortunately, there is only one federal standard regulating meat safety. As a result, poultry continues to suffer from a high incidence of salmonella contamination even though current technology permits its elimination and most consumers would probably be willing to pay for the cost of more thorough protection. Producers who might choose to meet a higher quality have no way of certifying this fact, however, and thus no way of recovering their higher costs.

In some cases the government may be justified in setting minimum standards below which products are deemed unsafe. Usually, however, there is no inherent need for a minimum as long as consumers are informed about the quality they are getting. If the government is careful to establish clear procedures for testing and labeling, there is unlikely to be a demand for products of clearly inferior quality. More often, minimum requirements such as energy efficiency standards allow policymakers to impose their preferences over those of consumers, rather than to correct any market deficiency. Other standards, such as some fruit and vegetable marketing orders enforced by the Agricultural Marketing Service, are little more than supply controls designed to raise market prices and discourage new entrants.

While good reasons exist to have the government involved in setting and enforcing standards, there is no inherent need for the government to conduct or subsidize inspections. In a number of areas such as grain sales, account-

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ing, and bond ratings, private companies bear the burden of certifying that their products meet relevant standards and the cost of inspection is considered a normal cost of doing business. In areas such as meat quality, the government role in conducting and subsidizing quality tests should be phased out. Instead of actually conducting and paying for inspections, the government should make sure that the standards are clear and that violations are punished through either government enforcement or private lawsuits. It should also help educate consumers about the standards in order to ensure that producers face constant pressure to provide higher quality.

Finally, although an agency should not deliver hidden subsidies to producers or consumers, it also should not tax them for its services. Wherever possible, inspections ought to be done by the private sector. In some cases such as the awarding of patents and trademarks, only government can serve as a neutral arbitrator. In these cases, user fees rather than taxes should be used to pay for the services. But the government role should not be used, as it sometimes is, to charge the private sector for more than the cost of providing the services. Private interests should also have a strong say in making sure that the government agency delivers services that the private sector needs at an efficient price. Provided that the private sector has such an oversight role to ensure accountability, these agencies are better run as independent government corporations removed from political arguments over policy and funding. The Securities and Exchange Commission and the Federal Reserve provide good models of this type of regulation, except for the fact that the mandatory fees they charge are higher than the cost of delivering their services.

The government should not charge the private sector for more than the cost of providing the services.

The contrast between the Occupational Safety and Health Administration (OSHA) and the Food Safety Inspection Service (FSIS) on one hand and the National Institute of Standards and Technology (NIST) and the Securities and Exchange Commission (SEC) on the other is striking. Each agency is engaged in setting detailed standards that guide their respective markets. The NIST and the SEC are primarily guided by the needs and circumstances of the markets they regulate and do not deliver hidden subsidies to producers. They are widely respected for their professional expertise, and their standards enjoy broad approval. In contrast, OSHA standards, though complex, often bear little relationship to their ultimate goal: the prevention of workplace injuries. The FSIS delivers almost $600 million in annual subsidies to meat producers even though its standards discourage the use of modern inspection technology. Neither of the latter two agencies is especially known for the market expertise of its staff.

In summary, government can play a valuable role in helping private mar-

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kets set and enforce standards. These standards can increase customer confidence and reduce the cost of doing business. This role requires neither rigid rules nor public subsidies, however. It does require a sophisticated knowledge of the market and an appreciation of the difficulty faced by both producers and consumers operating in it. Indeed, the more market-oriented government is, the more effective and helpful its standards are likely to be.

Voluntary standards

THE PROBLEM WITH many government standards is that nothing equivalent to the profit motive constantly drives them to add value to society or ensures that they respond to new developments. Making compliance voluntary is the best way to ensure that quality standards reflect improvements that consumers are willing to pay for. Often the main benefit to having a standard depends very little on the actual standard chosen. Most of the benefits come from the mere fact that a single standard or set of standards improves market coordination by giving everyone the same set of expectations.

Many experts have stated that a common set of health insurance forms could save millions of dollars in administrative costs. The federal government could play a role in developing such a form. Making use of the form voluntary would be the best way to ensure that it is sensibly written and truly adds value. The gains from using the common form would cause most insurers to use it voluntarily. Yet the freedom to use alternative forms would serve as a check against introducing too much complexity or collecting outdated and unnecessary information. Voluntary standards also increase the government's incentive to carefully consult consumers and producers both before the standard is set and during its enforcement.

One objection to voluntary standards is that producers would not follow them unless forced to do so. This is unlikely to be true if the standards reflect a strong consumer demand for quality. Even with voluntary standards, manufacturers could still be sued if they violate the common law standard of negligence. Usually this standard arises out of individual jury verdicts. Although these can often be arbitrary and unpredictable, with careful judicial supervision they can be used to set a consistent minimum standard. A company that failed to meet the government's voluntary standard would presumably have a tougher time convincing a jury that any harm that resulted from its products was not the result of negligence. Compliance with the standards could create a rebuttable presumption that the manufacturer's conduct was reasonable.

If the standards were voluntary, government would have a stronger incentive to make sure that they reflected community standards. Both producers and consumers should have a large role in shaping these regulations. Standards that were overly stringent would not be followed. But producers

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would have strong incentives to comply with reasonable standards in order to protect themselves in civil suits. Those that did not comply would have to justify their decision to a jury if their products hurt someone. The government could periodically increase the standards to reflect technological innovations and a greater willingness on the part of the public to pay higher costs for higher quality.

Surprisingly, voluntary standards can actually increase the ability of regulatory agencies to influence markets. The political power of interested parties often makes it difficult to pass or strengthen mandatory standards. Groups that are adversely affected by an agency's proposed action often exercise political influence to delay tougher regulations. Once the regulations are published, they can be challenged on a variety of procedural and substantive grounds, delaying their impact. These limitations are required because with mandatory standards greater protections are needed to prevent an agency from abusing its power. The ergonomics standards issued by the Clinton administration and repealed by Congress offer a good example. Proponents of the regulations were dismayed that it took several years to issue any standard. Opponents believed that the final standards imposed unnecessary costs on employers and were poorly written.

With voluntary standards, agencies can propose and implement standards much more quickly. Those negatively affected by new standards have fewer causes for complaint since compliance is not coerced. Producers can refuse to follow standards that are too strict, especially if they feel that consumers do not value the higher quality. On the other side, consumer groups are free to propose their own alternatives to standards that they feel are too lax. By advertising alternative standards, consumer groups can hope to place market pressure on producers to adapt them. By reconciling the differences between these two groups, the agency can set up a series of standards that meet market needs and more easily change them as market conditions and technology change.

Achieving policy goals

MANY GOVERNMENT regulations are designed to achieve social goals that are not fully valued in the private market. Environmental laws represent a classic example. Most observers agree that until the 1970s too little emphasis was placed on environmental quality. Individual consumers were unwilling or unable to pay higher prices for products produced with less pollution.

Today most producers and consumers would agree that a cleaner environment should be encouraged. The problem with current environmental laws is not their goal, but their methods. By distrusting market forces, the government has left itself little alternative other than to control the methods of production in order to achieve its goals. The result has been a series of complex

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and costly laws that have increased environmental quality, but often at an extremely high price. Moreover, as progress has been made on the major sources of pollution, regulation has often been extended to other areas where its benefits do not clearly outweigh its costs. A private business making such investments would lose money and eventually go out of business. The government faces no such constraint.

When intervening in the market, the government can generally regulate either the quantity (or quality) of a product or its price, but not both. A law requiring utility vans to average at least 25 miles per gallon is fairly easy to enforce. It is not clear how much it will cost society to achieve this standard, however. Conversely, a carbon tax of $50 on every ton of carbon dioxide emitted by a generator of electricity would never cost power plants more than the tax, but the exact amount of emission reductions it would produce is unknown, as is the amount of revenue it would raise. Over time, well-drafted laws create incentives for private entrepreneurs to discover ways to achieve policy goals at lower costs. One of the best examples of the use of market mechanisms is the Clean Air Act's creation of a private market in sulfur emissions. The act set a ceiling on total emissions but allowed utilities to trade the right to these emissions with each other. It also allowed conservation groups to purchase emission rights and retire them, thereby reducing pollution. The result has been a dramatic decline in the cost associated with reduced emissions and an increase in economic efficiency. Utilities have an ongoing incentive to improve performance, since pollution reductions can be sold to others, adding revenues to the bottom line. And environmental groups have the opportunity literally to buy cleaner air by purchasing emissions credits themselves.

Well-drafted laws create incentives for private entrepreneurs to discover ways to achieve policy goals at lower costs.

It is generally more efficient for the government to alter prices through carefully selected taxes than to mandate the use of certain technology or to place firm ceilings on emissions. Taxes give firms an incentive to meet policy goals and reward companies that demonstrate superior performance. By translating directly into business costs and prices, they permeate all layers of management, even those that remain unaware of or unconcerned about environmental effects. And because technological progress often occurs relatively quickly, a tax is also likely to be more effective in reducing pollution over time even as it eases the fear that new standards will impose unexpectedly high costs in the short term. Federal excise taxes on gasoline automatically influence the cost of driving without any emissions trading by station owners or drivers. Taxes also require less government interference with market operations. Moreover, if government spending is kept under control so

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that any additional tax revenue is used to reduce less efficient taxes, there can even be a net gain in overall economic efficiency.

Alternative approaches can also be less burdensome to the private sector. Giving municipalities and states the right to enforce certain air quality standards against each other in court would reduce the need for federal intervention while forcing different governments to carefully weigh the near-term tradeoffs between fewer emissions and faster growth. Such a move would be more effective if it was preceded by legal reforms that reduced the cost of litigation.

Limiting agency discretion

Not all regulations are directed at the private sector. Many are meant to prevent abuses of agency discretion. Having created a large bureaucracy, elected officials must try to control it. Private firms know from experience that good management requires a delicate balance between supervisory control and employee initiative. Most of the knowledge that an organization possesses remains with its front-line workers. Especially in a changing environment, competitive firms are forced to give employees freedom to take advantage of this knowledge on their own initiative.

On the other hand, employees quickly build up bureaucratic interests that can conflict with those of the broader organization. Thus, every business has management controls that either limit the freedom of workers or provide them with incentives that link their well-being to that of the company. In recent decades, companies have pushed profit and loss responsibility down to lower management levels while creating internal auditing departments that ensure corporate directives are followed. A key component of these controls is the careful design of performance measurements linked to pay incentives such as stock options and profit-sharing plans to reward employees according to their contribution to the overall success of the firm.

The problems faced by government are more extreme. First, even without pay incentives, employees in private firms face two important checks on how they act. Their positions are subject to ongoing competition by other individuals within and outside the firm and can be terminated with relatively few formalities. In addition, if the firm ceases to be competitive, its operations will shrink and workers are likely to lose their jobs.

Government employees face neither of these pressures to the same degree. Although promotions are competitive and agencies are increasingly subject to tighter budget constraints, government workers still enjoy a high degree of job security: It is extremely difficult to demote or fire poor performers. This need not be. Encouraging competition among different agencies, especially those charged with offering services to the general public, would increase the tie between job performance and job security. More important,

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it would increase the pressure to improve performance over time. The growing movement toward housing vouchers and charter schools reflects this trend. Just as important, statutes governing federal employment should be rewritten to allow agencies to weed out nonperformers and reward overachievers. Employment practices that treat everyone the same only encourage mediocrity.

In many areas, deeper government reform will have to occur. Federal purchasing rules are exceedingly complex largely because the government is unwilling or unable to hold individual purchasers accountable for their decisions. Instead, it limits their discretion with regulations that add to the cost of the final items in an effort to reduce the scope for fraud. The fact that the federal government, an entity that holds monopsony purchasing power in many markets, is afraid that smaller suppliers will take advantage of it surely indicates the existence of a structural problem. If the government structured itself more like the purchasing departments of major manufacturing firms, which have often reduced costs by over 25 percent without any reduction in quality, the need for complex regulations would diminish and purchasing costs would fall.

If the government structured itself more like the purchasing departments of major manufacturing firms, the need for complex regulations would diminish.

The solutions to these problems require competition among agencies and between agencies and other providers in state and local governments, nonprofit organizations, and the private sector. Although numerous agencies would theoretically increase redundancy, if poor performers were forced to go out of business the total size of government would not be significantly larger. One reason for the relative strength of the U.S. financial markets is the healthy competition among regulatory agencies at the federal and state levels. Depository institutions may arrange to be regulated by state agencies, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the Federal Reserve depending upon how they structure themselves. Each agency must therefore draw a careful balance between the costs and benefits of its regulatory requirements. Competition among agencies would improve the delivery of goods and services. Employees within each competing agency would have incentives to identify their own interests with those of their employer and its customers.

Normal government downsizing efforts miss this argument. *It is impossible to say how big government should be or how much of it we should buy without specifying the importance or quality of the services it delivers.* The rush to downsize government assumes that current services are either not

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important or not worth their cost. If, however, the introduction of normal market pressures resulted in a dramatic improvement in efficiency, people may choose to have more, rather than less, government. For an accurate determination to be made, people must have choice. And we must find an organizational structure that finds the true cost, not an inflated cost, of delivering services. An excellent example is the cost of secondary education. Some argue that more resources will improve student performance, but no one really knows how much a good education should cost. Private and parochial schools often provide superior education at far less cost than public schools under similar conditions. And per pupil spending differs widely within and between states, often with no clear correlation with student performance. The shortage of competition among schools means that no one has an incentive to provide the same quality of education for less money. Hence, no one searches for the most efficient cost given current technology. Yet there is no logical reason why secondary schools should not be getting the same level of productivity improvements that the private sector has seen over the past two decades.

In order for government to become more competitive, it must also increase the ability of federal managers to hire and fire employees. When agencies face performance tests similar to those faced by the private sector, market discipline will force managers to adopt responsible personnel policies. Failure to do so would jeopardize their ability to attract financial resources, and hence their own position. With these incentives in place, the need for formal regulation falls dramatically.

Decentralized management

MUCH OF WHAT is wrong with government is structural. The traditional approach to government stresses a top-down management style that may have been appropriate in the 1950s and 1960s but is increasingly obsolete in a world of rapid change and increased competition. Programs that centralize control and limit individual discretion must necessarily resort to complex rules. In the absence of competition, centralization has made it easier to co-opt government agencies and has led to a profound rigidity in bureaucratic structures. It has also prevented important sectors of the economy from responding to market forces.

Modern society is not well suited to traditional government. Economic and social institutions are increasingly complex. The flow of information from the markets is too great and too differentiated to be managed from the top. Government will therefore have to follow the private sector in moving toward a more decentralized management structure. But decentralization of power without decentralization of responsibility often leads to abuses of discretion. In order to prevent officials from abusing their new powers, govern-

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ment reforms must hold them increasingly accountable for the consequences of their actions and must try to increase the choices available to those who deal with agencies. This is what the profit motive and competition accomplish in the private sector. Such reform will require significant structural changes in the way government operates.

Government reform is more likely to be effective if it makes the maximum feasible use of the same competitive pressures that apply to the private sector. Although market forces reduce certainty and increase diversity, there are strong theoretical and empirical reasons for believing that they are more efficient over the medium and long term in fostering economic and social progress. The primary focus of reform efforts should be on making the maximum use of these forces. To do this Congress must rewrite the underlying statutes.

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BOOKS

Living Wisdom And Grace

By STANLEY KURTZ

MIDGE DECTER. *An Old Wife's Tale: My Seven Decades in Love and War.* REGANBOOKS. 234 PAGES. $24.00

SOME YEARS AGO I had lunch with three of my students. These were very bright and successful undergraduates at one of the country's most prestigious universities. Not unreasonably, all three had some interest in a scholarly career. When they raised the subject, I launched into one of my favorite speeches, making sure they understood the many and serious risks of the academic path. All of a sudden, one of them flashed me a mischievous smile and protested, "but we can always get married," as the others grinned their agreement. They were at least half serious, if not more so. And all three of them, of course, were women.

I had been too well indoctrinated — and took their formidable intellectual gifts too seriously — even to consider the possibility that the gamble of an academic career might be less fraught (or perhaps fraught in a different way) for these women than for my male students. They knew better.

Midge Decter might have been one of those students — had it been 50 years earlier, and had Decter not dropped out of college to marry and mother — all as a prelude to a career as one of the country's premiere intellectuals. Her new book, *An Old Wife's Tale: My Seven Decades in Love and War*, is about the unavoidable, irresolvable conflict between the contemporary woman's desire to marry and mother on one hand and to make a recognizable place for herself in the world of work on the other.

An Old Wife's Tale has the appearance of a memoir, but is in fact something more. For Decter's chronicle of her fascinating life also amounts to a full-blown critique of the feminist ideology that came to dominate the culture in which she lived and worked.

Decter tells us relatively little about either of her marriages, the first of which ended in divorce, the second of which was (and is) a deeply fulfilling alliance with Norman Podhoretz, longtime editor of *Commentary*. For the most part, Decter protects her privacy, and that of those closest to her. The book reads as though Decter is doing what she often does — having lunch with a young woman of her acquaintance, someone she likes, respects, and wants to help through the challenges posed by marriage, career, and motherhood. Decter interlaces her thoughts on men, women, and sex with telling glimpses of her inner experience — just

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enough to get the point across, yet without a trace of exhibitionism.

The result is a work of wondrous spirit. Decter seems to have reached a sort of Zen state in which the preoccupations of her youth (and her consequent empathy with youth) are retained, yet also smoothed over by the consciousness of a life well-lived and wisdom attained. In short, Decter has grown older, and in a manner that demonstrates (in welcome contrast to our conventional cultural assumptions) that old age might actually be a state worth looking forward to.

Although she may not mean it in a literally Freudian sense, Decter is continually pointing to the disguised fashion in which our masculine and feminine natures revenge themselves upon the sham of androgyny demanded by our reformed sexual system.

A look back at Decter's early work, *The New Chastity and Other Arguments Against Women's Liberation*, makes it clear that, 30 years later, Decter has surpassed herself. *The New Chastity* was an important critique of feminism at a time when virtually no one but Decter had the thoughtfulness or courage to stand in opposition. Yet even as one honors her achievement in that early work, the plain truth is that *The New Chastity* can't hold a candle to *An Old Wife's Tale*. By weaving her critical perspective on feminism into her life story, and by doing so with the humor, gruffness, and confidence of age, Decter has created something beautiful. As a critique of feminism, this is human enough to change minds — if they're open even a bit. *An Old Wife's Tale* is, in the fullest sense, the accomplishment of a lifetime.

Simply put, Decter believes that men and women are different, and that these sexual differences, denied and suppressed by our current cultural system, continually reassert themselves in hidden and distorted fashion. Actually, despite an occasional friendly swipe at Freud, Decter's theoretical framework is in many ways modeled on his. Although she may not mean it in a literally Freudian sense, Decter is continually (and persuasively) pointing to the disguised fashion in which our masculine and feminine natures revenge themselves upon the sham of androgyny demanded by our reformed sexual system.

This was the core insight of *The New Chastity*, and over the years, Decter has obviously learned how to deploy it with impressive subtlety and variety. What Decter noticed and thought through 30 years ago was feminism's first retreat from the sexual revolution. That revolution had vowed to return to women their long-denied desire. By making women sexual subjects, not simply objects of lust, the sexual revolution promised to force equality into the very core of the sexual situation, an equality which would spread

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from there throughout the entire male-female relationship.

It didn't turn out that way. Even "liberated" women seemed to be looking for something different out of sex from what men were looking for. The so-called sexual revolution simply left women feeling exploited and dissatisfied. But how to say this without appearing reactionary — without rediscovering, explaining, and validating the rationale of the very sexual system that feminism itself was pledged to destroy? The alternative was to launch an all-out attack on the social and sexual natures of men in an inevitably futile attempt to reconstruct them along the lines of women (although, of course, the very existence of a womanly nature was denied).

Drawing on her early views, Decter is masterful in her dissection of the latest manifestation of "the new chastity" — the campus date-rape and sexual harassment movement. The unfettered mixing of male and female students in dormitories, along with the withdrawal of campus authorities from any supervision of sexual life, expresses the positive expectation, built into the current system, that active sexual experimentation in college will and should take place. There's just one problem. Most young women do not in fact wish to sleep around. But with no adults to provide backing for their reluctance, these young women are unable and unwilling to acknowledge their discomfort with the new sexual norms. So, says Decter, "they cry 'rape' when they know full well that they have not been raped because deep down they feel that the world around them has denied them the means to resist in any other way."

Decter's no prude. So it particularly saddens her that the near-total absence of controls in our current sexual system forces women either to submit to the new norms or forgo the fun of flirtation — the rehearsal for romance that enables women to "discover their true and proper power over men." Decter's frank assessment of the unspoken bargains and power dynamics built into dating, marriage, and sex is one of the best things about her book. She sees and says the things that our fictions of male and female sexual "equality" no longer allow most people to say. One of the most telling moments in the book comes when she is lunching with a young woman seeking advice about men and marriage. After the woman rattles off a list of all the conventional feminine responsibilities that her ideal husband ought not to expect of her, Decter brings her to stunned silence just by asking the question, "What would be in it for him?"

In a chapter on eating disorders and the fashion for body piercing, Decter finds a marvelous new field for the application of her basic framework. Remarkably, Decter attributes the rise of anorexia as a widespread women's affliction to feminism itself. At first this assertion startles, and Decter steels herself for the inevitable storm of protest. But in rooting the decades-long rise of anorexia in the parallel ascendance of the feminist movement, Decter is dead on — perhaps more than she knows.

More than 20 years ago, Hilde Bruch, the foremost clinical student of anorexia, proposed three possible social influences that might account for the newfound prominence of eating dis-

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orders in young American girls. One was the emphasis placed on slimness by fashion magazines and advertising. That suggestion, of course, was taken up by such feminist social critics as Naomi Wolfe and Susan Faludi, who interpret new and demanding female models of beauty as a "backlash" phenomenon intended to counteract the influence of feminism with a different form of oppression.

But what of Bruch's other two candidates as social causes for the rise of anorexia? One was a sense on the part of many of Bruch's young female patients that the newfound opportunity to enter some high-powered career had become a demand, rather than merely an option. The second was the conviction of these girls that unless they began dating and sexual experimentation at 16, 15, or even 14, they would be socially marginalized. These young girls were rushing into a debilitating disease as a way of staving off participation in the life that feminism and the sexual revolution had effectively marked out for them as obligatory. In doing so, they perfectly exemplify Decter's claims about the unspoken and unrecognized resistance to reigning feminist expectations detectable in the lives of contemporary women.

Indeed, for Decter, feminism's rebellion against both motherhood and woman's sexual nature — against the need "to take one's place in the ongoing flow of life" — is the real retreat from reality: a sort of anorexia writ large. This does not mean that Decter would deny careers to women. Far from it. But she is convinced that the constantly reiterated message that early marriage and mothering are fatal to a woman's career aspirations is both false and damaging. Decter is right to say that women can marry and mother early on and still develop deeply satisfying careers. Yet her feminist foes understand correctly that some sacrifice of "success" (as measured by how steeply the conventional ladder is climbed) will be the price of such delay. The difference is that Decter, unlike her feminist foes, is unburdened by the desire to achieve androgyny — a utopia (really a dystopia) characterized by 50 percent female participation in every sector of life.

DECTER IS AN acute observer of the social scene. If there's a weakness in her framework, it is that she does not offer an account of the social roots of feminism to complement her compelling sociological and psychological insights. To do so, I think Decter would have to dissect the paradoxes of our advancing cultural individualism, a theme that she does sketch anecdotally with tremendous effectiveness.

Through her life, and the lives of those around her, Decter allows us to track the slow but steady erosion of the communities of the 1930s, '40s, and '50s, and the rise of social atomization in the wake of the 1960s. Piled up in their parents' homes in the old ethnic neighborhoods of the '40s, the returning veterans and their new families rushed quickly into the relative privacy of transitional suburbs — cheap apartment developments where women still gathered during the day for companionship and shared child-minding. With prosperity and the move to large private suburban houses, or fancier apartments in a gentrifying city, the bonds between women broke down.

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Decter shows us this by contrasting her days on the front stoop of her '50s suburban apartment complex, where she and the other mothers of the neighborhood gossiped and watched the children, with her daughter's early days of mothering in an urban neighborhood where all the women had gone off to work. There sat Decter's daughter every afternoon, on a bench opposite the sandbox and slide, with not a single soul to talk to. (The local nannies spoke only to each other.) That sort of isolation was unworkable, and to some extent was eventually moderated by a delayed baby boomlet and the return of the grandmother to the child-rearing fray. But the growing isolation of America's mothers is the clear social trend of the past five decades, and Decter does much to illuminate its deleterious consequences for both mothers and children.

This growing social atomization explains a lot about the rise of feminism. The targets of Betty Friedan's complaints about the emptiness of suburban life were the supposedly oppressive men who relegated their women to empty lives in plush suburban houses as they hogged all the fun and power of daytime work in the city. ("Some fun," says Decter, who has a very clear understanding of the burdens shouldered by the working men of the 1950s.) But much of what was disturbing the suburban women of the time — though they could probably not have put their finger on it, and in this sense it was indeed what Friedan called "the problem that has no name" — was the loss of the neighborly networks in those crowded urban enclaves that had been abandoned for the privacy of the suburbs. For decades, those networks had actually freed up women to participate in local charity work or religious and political crusades, as neighbors who knew and trusted one another swapped child-care time.

The breakdown of the old communities and the ethos of mutual sacrifice and assistance that held them together sparked the rise of an ethic of self-fulfillment and an accompanying preoccupation with the supposedly oppressive forces that stood in the way of its realization. The contradiction between these divergent strains of the new individualist ethic constituted the driving dynamics of feminism.

Decter attributes the rise of anorexia as a widespread woman's affliction to feminism itself. At first this assertion startles, and Decter steels herself for the inevitable storm of protest. But Decter is dead on — perhaps more than she knows.

Consider the contradictions of modern motherhood. On one hand, we know that feminism is classically antagonistic to motherhood, viewing it as a barrier to the true equality and self-fulfillment that can be achieved only through a successful career. Yet as Decter acutely points out, the mother-

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hood against which feminism situates itself is vastly different from the motherhood of old.

Technology has given women the power to decide when and if they will bear children, and freed them from what used to be an endless preoccupation with the basics of household maintenance. But for that very reason, children have become a mother's emotional preoccupation, and central expressions of her personality. The rise of expressive individualism consequent upon the breakdown of the old communal networks is nowhere more evident than in the modern ethos of mothering, in which a child's character is perpetually scrutinized for evidence of his mother's loving and imaginative attention.

The breakdown of the old communities sparked the rise of an ethic of self-fulfillment and an accompanying preoccupation with the supposedly oppressive forces that stood in the way of its realization.

Ultimately, then, the conflict between the feminist quest for workplace equality and the impulsions of modern motherhood are competing manifestations of postwar individualism. Feminists want to see day care made widely available, and do their level best to discredit studies that cast doubt on the quality of such facilities. But even if day care was somehow proven to be harmless, mothers would still be reluctant to surrender their children for too long a time. That's because day care isn't their care, and nothing embodies and expresses the core of a modern mother's self more than her child's character. So the very same individualist ethos that has given rise to feminist demands for absolute workplace equality makes that equality impossible to achieve. At the very moment when women are seeking equality, they are also striving to express their unique personalities through the shaping of their children. Feminism thus runs aground on the shoals of the very individualism that gave it birth.

Returning to the problem of anorexia, we can see that it is this contradiction within modern expressive individualism, not some mysterious "backlash," that lies behind the demanding model of beauty that increasingly presses in on young girls. Naomi Wolfe, Susan Faludi, and their followers have always had a difficult time explaining exactly where the beauty "backlash" comes from. The idea of a conscious antifeminist conspiracy by manufacturers of makeup and exercise equipment is unconvincing, and feminist scholars have turned somersaults trying to explain the mechanics of the supposed conspiracy. What everyone seems to agree on is the rise of an ethos of self-mastery — the sense that a woman's beautiful, thin, and toned body is proof of her self-command and a unique expression of her personality. But this is obviously a direct manifestation of contemporary expressive individualism. Once again, the same individualist sensibility that counts beauty's hierarchy

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as an offense against equality drives women to advertise their self-mastery and personal uniqueness through the command they exercise over their bodies. So the very individualism that powers feminist outrage over the new standards of beauty fabricates the standards themselves.

Let us return to *An Old Wife's Tale* as a memoir, rather than as an impressive and wide-ranging critique of feminism. Decter may not have opened the door to the intimacies of her married life, yet she has told us much of importance about the development of her womanhood. How, then, we might ask, did Decter come to be what she now is, a critic of feminism without peer?

Decter makes a point of noting that her parents, frustrated by a string of daughters, came to see her, the last born child, as a kind of honorary son. She was given more leeway, yet more was expected of her. Later on, Decter's parents' hopes for her future made them press her to associate with well brought-up girls of serious mien. But Decter would have none of it. Although she was clever, talkative, read books, wrote poetry, and appeared to be serious, Decter wanted nothing more than to hang out with her gang of "bad" girls ("bad" in that context meant pushing toward the ultimate sexual line as far as one dared, but without going over). What Decter and her girlfriends loved was teasing interplay, the tussle in the car, the whole sexual game. The girls were dependent on the boys for dates and the popularity that being desired conferred. But they revenged themselves for this dependence by exerting their sexual power — giving just enough to let the boys know how badly they needed the girls. Later on, in gossip sessions with the mothers in her suburban apartment complex, Decter learned that a subtle version of the same sexual game was still being played in the grown-up families of the 1950s.

It is evident that Decter ultimately fulfilled her parents' desire to produce a serious girl with a serious career, but with the proviso that she would spend that career forcing her parents, herself, and the rest of us into recognition of the inescapable reality of girlishness, womanliness, and the sexual game.

And there is another reason, I think, why Decter remained free of the conventional feminism adopted by so many of her contemporaries. Ultimately, the satisfactions of feminism are religious in nature. The enterprise of fighting mass-scale oppression lends meaning to life in an age when, for many, the old religious verities have been lost. The old religions of sacrifice made sense in close-knit communities where relatives, neighbors, and friends relied upon one another for the wherewithal of life. The contemporary religion of resistance to "oppression" grew up in a socially atomized world of expressive individualists. The religion of oppression appeals to the new individualists because it turns individual liberty itself into a collective cause, yet demands very little from believers in the way of restriction on personal desire.

Decter's conservatism is definitely not a throwback to old ethnic and religious enclaves or to small-town America. She explicitly rejects the moral superiority of the traditional small town. Decter in fact has spent the

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bulk of her years amidst the pulsing life of New York, the very existence of which continues to thrill her, as though she were still a young girl. No, Decter is very much a creature of the present. Yet she has escaped entanglement in our contemporary quasi-religious preoccupation with resistance to "oppression" through her involvement with a more serious version of the same phenomenon. Decter has spent a lifetime immersed in the fight against the all-too-real oppression of communism (the story of which struggle is an important and fascinating sub-theme in *An Old Wife's Tale*). That honorable battle against authentic oppression, one discerns, took the moral and spiritual place in Decter's life that might otherwise have been filled by feminism's spurious struggle against the alleged oppression of men, Foucault's "Power," or a mysterious, disembodied "backlash."

This intellectual and political grounding naturally raises the question of the precise nature of Decter's conservatism. For a long time Decter, like her husband, Norman Podhoretz, was known as a neoconservative. She and Podhoretz were part of a group of Democrats who eventually left the party and joined the Reagan coalition in despair over the Democrats' weak foreign and defense policies, and their backing of cultural innovations like feminism and affirmative action. But Decter tells us that she dropped the "neo" after finding that upon actually meeting and speaking with old-time conservatives, she and they were in near total agreement about "everything that mattered."

Be that as it may, it seems to me that Decter's life is incomprehensible without a restoration of that "neo." Decter's long and successful marriage to Norman Podhoretz, and their relative resistance to changing social and sexual trends in the rearing of their children, do indeed mark Decter out as a traditionalist of sorts. But Decter makes it clear that her early divorce from her first husband, which she initiated (in the absence of any serious crisis) when she was rearing two small children, was the indispensable prerequisite to her later happiness in life, love, and career. And Decter adds that she was the approving mother of the divorces of each of her children (a fact that gives this particular neoconservative pause, although it is impossible to form a judgment without knowing more about the circumstances). More than this, the endless and irresolvable theme of Decter's life has been her continual movement back and forth between periods of satisfying work and time spent at home with her children. What does all of this say about the tenability and consistency of Decter's conservatism, and about our finding a way out of our current social and sexual dilemmas?

Decter never fully resolves the contradictions in her life and in her point of view, but implicitly, and at times explicitly, she makes a powerful case for the idea that these contradictions are built into the nature of our current situation. On the one hand, she would prefer a system in which young girls receive social support for their desire to delay sexual experimentation. Yet Decter also knows that under current conditions, girls and young women are forced to choose between the new sexual norms and total exit from the sexual game.

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It could as easily be said that divorce under current circumstances means something very different from divorce in an earlier social context. Under conditions of social atomization, the complex networks of relatives, neighbors, and fellow parishioners into which a couple's life used to be knit are gone. Those networks once lent real meaning to life, relieving pressure from the couple's own relationship, even as their collective expectations helped to ensure that couple's fidelity. In the current atomized social context, a marriage has to do more for the emotional life of the couple, yet has fewer resources on which to fall back when placed under pressure.

We could conclude from all this that a systematic restoration of the old family system is impossible — that we should simply reconcile ourselves to current conditions. But the problem with that view is what Decter devotes her book to exploring. Although the social basis of the traditional system may have weakened, the fundamental differences between men and women upon which the old institutions were built are still in great part operative. And we might add that, although the communities that once sustained marriages have thinned, they have by no means disappeared.

So we are stuck in the middle, forced into inevitably incomplete and contradictory attempts to rescue sections of the old status quo from the failed and impossible utopian schemes of feminists and their cultural allies. As Decter points out, religious conservatives who want to be truly consistent are increasingly forced to isolate themselves from the culture as a whole — with what hope of success (especially in an Internet age) is uncertain.

Lest anyone doubt that a life of wisdom, grace, and profoundest satisfaction can be built upon that shaky middle ground where we now perforce reside, let him take up this book and read. The 1960s, says Decter, popularized "anger as a mode of social analysis." Although her fervent opposition to feminism still burns, the plentitude of life has gentled Decter's anger and made of her passion something powerful and lovely.

Of Vice And Men

By Thomas J. Main

Joel Schwartz. *Fighting Poverty with Virtue: Moral Reform and America's Urban Poor, 1825-2000.* Indiana University Press. 354 pages. $39.95

No less an authority than Hegel warns, "Talk about virtue . . . borders on empty rhetoric." Why? Because in a well-organized society, institutions effortlessly guide each citizen's behavior such that "in order to be virtuous . . . he has simply to follow the well-known and explicit rules of his own situation." In such a society, virtue is "actualized,"

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and there is no need to exhort citizens with "argumentative and expository talk."

One might say that Joel Schwartz's book, *Fighting Poverty with Virtue: Moral Reform and America's Urban Poor, 1825-2000*, is a history of exactly the sort of rhetoric Hegel scorned. But then, the several generations of social critics who are Schwartz's subjects were concerned with societies that were not exactly well-organized. The desperate slums of America's industrialization, the inner-city ghettos of the 1960s, and today's underclass neighborhoods — none qualified as what Hegel called an "existing ethical order." Then again, the United States as a whole perhaps never so qualified. A history of how Americans have thought about poverty and virtue will, then, necessarily be a history of talk and rhetoric. The question is whether Schwartz manages to extract from this history some sense of how American society could be better ordered with respect to its poor.

Alcoholism can be a result, rather than a cause, of a harsh life. Can contemporary readers take seriously the prescriptions of would-be reformers who overlooked what are now called "underlying social conditions"?

The centerpiece of Schwartz's effort is his reexamination of the thought of four reformers whose careers stretch over the nineteenth century: Joseph Tuckerman, a Unitarian minister and founder of the Society for the Prevention of Pauperism (SPP) in Boston in 1835; Robert M. Hartley, a successful Presbyterian merchant who in 1843 established the New York Association for Improving the Condition of the Poor (AICP); Charles Loring Brace, another Unitarian minister whose organization was the New York Children's Aid Society (CAS), founded in 1853; and Josephine Shaw Lowell, whose very active life included organizing the New York Charity Organization Society (COS) in 1882. All these activists worked within a tradition of "moral reform" whose central premise was that most poverty is caused by the vicious behavior of the poor.

For example, a report written for an earlier incarnation of Hartly's AICP listed the nine causes of nine-tenths of the poverty in New York City: ignorance, idleness, intemperance, extravagance, imprudence, gambling, theft, prostitution, and dependency. Since such moral factors, as belief went, were the underlying causes of poverty, simply relieving the physical wants of the poor was no solution to their situation. Thus, one early moral reformer not mentioned in Schwartz's book, William Ellery Channing, wrote, "The condition of the poor deserves sympathy; but let us not, by exaggeration of its pains, turn away our minds from the great inward sources of their misery." To that era's reformers, those inward sources were

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charitable efforts would leave the main evil of poverty untouched while creating dependents — or paupers, in the vocabulary of the time. Lowell — who emerges as the most thoughtful of the moral reformers discussed in the book — once stressed the primacy of avoiding pauperism as follows:

> Could all men be made comfortable and happy by a charity so extended that it would amount to an equal division of the wealth of any given community, I should welcome the measure with my whole heart; but it has been proved, and surely it scarcely needed proving, that no amount of money scattered among people who are without character or virtue, will insure even physical comfort.

Thus, the moral reformers developed a range of programs that sought to suppress vice and inculcate virtue. To encourage poor youths to work, Brace's CAS founded more than 20 industrial schools and in other ways trained his clients in employable skills. Lowell's COS functioned as a job placement center. Brace and Hartley sought to promote temperance by opening nonalcoholic reading rooms as alternatives to saloons and by organizing antidrink societies. Reformers associated with Tuckerman's SPP established New York's first savings bank to encourage thrift, and a committee of the COS established another savings scheme, the Penny Provident Fund.

In sum, the moral reformers fought poverty by trying to change the vicious behavior, or reinforce the virtuous behavior, of individual poor people. Alcoholics were encouraged to sober up, the improvident to save, the idle to work. An obvious critique of this agenda is that it assumes that the poor have control over their situation, which often is simply not true. Someone thrown out of work by the depression of 1893 was not "idle" in the sense of not wanting to work. More likely, he was looking for work but remained unemployed. Improvident families in such a situation probably did not have enough income to save — or, very possibly, to eat or house themselves properly. Alcoholism can be a result, rather than a cause, of a harsh life. Can contemporary readers take seriously the prescriptions of would-be reformers who overlooked what are now called "underlying social conditions"?

SCHWARTZ PARTLY defends his subjects against this line of criticism. First, he argues that at least some of the moral reformers did support social programs designed to restructure society to the benefit of the poor. Brace supported social insurance; Lowell was an advocate of unionization and collective bargaining. They saw such social programs as facilitating the poor's pursuit of the virtues of saving and work. Second, Schwartz argues that, given nineteenth-century political and economic realities, the moral reformers were right to emphasize individual uplift and make structural reform very much a secondary consideration. The nineteenth-century world was too poor, too dominated by hostile political interests, for a thoroughgoing social reform agenda to be a realistic goal in the short or even the medium run. Schwartz describes the situation of the moral reformers concerning structural reform as follows:

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> As we have seen, the moral reformers were driven almost ineluctably to support structural reform as an extension of their program. . . . Nevertheless, it must also be admitted that the most far-reaching, significant structural reforms . . . cannot be regarded as prominent goals of any of the moral reformers, with the possible exception of Brace. I do not mean this as a criticism, since the moral reformers' careers predated the impetus to enact policies like these. . . . Nevertheless, structural reform has to be regarded as a tangential concern of the moral reformers, not a primary one: the primary goal was to make the poor less poor by making them virtuous.

Schwartz has to weave a careful argument if he is to convince us that the moral reformers' concern with virtue is relevant to contemporary social policy. First, he has to dispel the notion that these reformers were merely, as he puts it, "preachers content to compose paeans to the virtues for the benefit of the poor." To do this he must show that the moral reformers not only sought to inculcate virtuous behavior among the poor, but also fought for structural reforms. At the same time, too much emphasis on these social concerns of the reformers will not do, because Schwartz has to argue that significant structural reform was beyond the ken of nineteenth-century politics. Indeed, Schwartz writes that "precisely because changes on a macroeconomic level were beyond the reach of reformers and the poor, it made sense for the reformers to urge changes on the microeconomic level that arguably were within the reach of the poor." On one hand, the moral reformers' deemphasis of structural reform has to be legitimated by showing that such reforms were not possible. On the other hand, such attention as the moral reformers did pay to structural reform has to be stressed in order to acquit them of blindness to social concerns.

Schwartz is aware that he is engaging in a delicate historiographic balancing act. He writes of "the irony of moral reform" — that in the late nineteenth and early twentieth centuries, "the structural changes that the moral reformers emphasized less were probably more important in reducing poverty than the moral virtues that they emphasized more." But in the late twentieth century, "the virtues commended by moral reformers fell into disrepute just when they might have been most effective in reducing poverty — as prosperity greatly increased in tandem with a newfound commitment to expanding opportunities for the disadvantaged." This situation — in which policy never achieves an optimal mix of struggle for social justice and inculcation of individual virtue — Schwartz dubs "the cultural contradiction of poverty."

The subtle portrait Schwartz paints of the moral reformers is very useful, but perhaps not in the way most readers would expect. The book is not, and does not set out to be, a rehabilitation of the social reformers' reputations. As Schwartz makes clear, and as his own theory of the irony of moral reform implies, even after all is said and done, the nineteenth-century moralists had an insufficient grasp of the social dimensions of the problems they faced. On this score, in fact, they deserve rather more criticism than Schwartz deals out.

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The problem is not so much that they did not expend more effort fighting to develop a proto-welfare state; the early nineteenth century, at least, was just not ready for social security, unionization, and the rest of the progressive agenda. The issue is rather that the way the moral reformers thought about virtue was too narrow. They conceived of virtue as a matter of individual behavior. But virtuous behavior is not entirely self-regarding in this sense: The benefits of my virtuous behavior fall not only on me, but also on society as a whole. This is most obvious in the case of temperance. The principle again arises with regard to another nineteenth-century virtue that the moral reformers advocated but that Schwartz does not discuss: cleanliness. If I drink to excess, the accidents I may cause damage not only me, but you, too. If I am unclean, I am risking your health as well as mine. Insofar as I practice the simple virtues of cleanliness and temperance, I benefit you as well as myself.

Work perhaps does not necessarily generate such clear positive externalities. But if we understand how the moral reformers thought of work, we can see that it necessarily has a public character. The moral reformers insisted that pauperism — the failure to work — undermines "character," and that work builds character. But work implies exchange — making things that no one wants and are therefore worthless is not work but a waste of time. I can work only if others, with whom I can exchange my goods, are working as well. Thus, when I work, I make it possible for others to work and thereby afford them, as well as myself, an occasion to demonstrate character. The moral reformers may have identified the qualities of character lacking among the poor, but they conceived of the virtues in a thin and one-dimensional fashion.

If this sounds as if I wished the moral reformers had developed some of the Hegelian implications of their best thinking, so be it. Some near-contemporaries of the moral reformers — especially the followers of T.H. Green and other neo-Hegelians — had a better appreciation of the social dimensions of virtue. For example, here is Green lecturing on the nature of virtue:

> All virtues are really social; or, more properly, the distinction between social and self-regarding virtues is a false one. Every virtue is self-regarding in the sense that it is a disposition, or habit of will, directed to an end which the man presents to himself as his good; every virtue is social in the sense that unless the good to which his will is directed is one in which the well-being of society in some form or other is involved, the will is not virtuous at all. The virtues are . . . in some way contributory to social good.

It is interesting to note how this deeper understanding of the social aspect of virtue affected Green's own reform agenda. Like the moral reformers, he was a passionate opponent of drink and intemperance. But he also supported English land reform measures designed to break up large estates and create a class of small proprietors.

The point here is not that the moral reformers, like Green, should have supported such particulars as land reform (which, in any case, hardly applied to the American situation). Many of the

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social reform nostrums of the nineteenth century would actually prove to be problematic. Rather, the point is that one wishes that the moral reformers thought about poverty in a more complex way. If they had had a deeper grasp of how radically the social and individual aspects of virtue are intertwined, they might, of course, have placed greater emphasis on structural reforms. More important, it would have been clearer to later generations that structural reforms had always been on the agenda and had merely been temporarily deferred until a more propitious time. In that case, the reaction against moral reform, which Schwartz traces in the middle third of his book, might well have been less dramatic and less purely negative.

TODAY'S READERS will probably hold in higher regard those contemporaries of the moral reformers who did better appreciate both the individual and social aspects of poverty. But Schwartz's most important point has little to do with what we are now to think of the moral reformers. Instead, he extracts the right lesson from their efforts. He writes:

> The perspective of the moral reformers offers some guidance for the contemporary policy debate. The recent debate about poverty has too often been sterile and counterproductive because of a shrill insistence that only *one* factor — whether moral or structural-environmental — can legitimately and properly be addressed. By contrast the moral reformers were admirably willing to consider both moral and structural-environmental factors in their explanation of — and remedies for — poverty.

Again, I think Schwartz is giving the moral reformers a bit too much credit. But he is also rightly emphasizing what should be an elementary methodological point. As he and others of us familiar with the literature know, current writings on poverty and homelessness frequently fix on a single factor — either structural or individual — as *the* cause of the problem.

Liberal analysts usually focus on spatial mismatches, housing squeezes, macroeconomic conditions, and related structural glitches. They often fail to consider whether, for example, a housing squeeze of a given tightness can result in more or less homelessness depending on the individual characteristics of those it affects. Similarly, conservatives are sometimes prone to focusing exclusively on worrisome personal behaviors. Some writers will dwell on, say, the relatively high rates of mental illness among the homeless and insist that this simply *must* be the main cause of their plight. They overlook the fact that most of the mentally ill are housed and that still more would be housed if more cheap apartments were available.

Schwartz's important historical review makes clear that no account of any social problem can be entirely structural or entirely individualistic. To see these accounts as polar opposites and then come down on one side or the other is to oversimplify. The individual/structural dichotomy should be recast as a heuristic device that implies *both* factors are at work in *every* social phenomenon. Either one may be more significant in a particular context, but

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neither ever "swallows up" the other, and both deserve full consideration.

Speaking of virtues, Schwartz's book has many others not discussed in full here. The sections on "Why Moral Reform Could Be Implemented" and "Why Moral Reform Was Hard to Achieve," for example, are essential reading for policy analysts interested in programs that seek to change what we nowadays might call "dysfunctional behaviors."

Briefly put, it made sense to preach temperance, work, and savings to the nineteenth-century poor, because the poor already accepted those virtues. They simply needed help *practicing* them. Today, one wonders whether recognition of the virtue of, say, temperance is nearly as deep among the poor, or any other class for that matter. Moreover, as Schwartz also understands, the obstacles to moral reform seem to be as great as they ever were. The sociological gulf between likely reformers and their intended audiences is probably as great as it was in the nineteenth century. And the poor are more heterogeneous in terms of race, language, religion, and ethnicity, complicating the always-difficult task of getting a message across to them.

Has the time for moral reform come again? Schwartz's fine book chronicles the ups and many downs of inculcation of virtue as a policy tool. Should we therefore stop trying? Probably not. After all, patience is a virtue.

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LETTERS

Looking Homeward

SIR, — We are all in Mary Eberstadt's debt. Her essay "Home-Alone America" (June/July 2001) on the ramifications of the absent parent is as needed as it is well written and documented. So many of my working-class students at SUNY College at Buffalo believe their time is better spent collecting the pieces for what are increasingly flimsy diplomas than in being with the vulnerable young they are mothers or fathers to. Few voices, they tell me with some bewilderment, suggest otherwise. I now have this wonderfully researched analysis to show them.

KATHARINE DALY
Buffalo, N.Y.

SIR, — Mary Eberstadt concludes with an important insight: In view of modern mothers' eager abandonment of their own children, the "presumed place [of maternal instinct] in the firmament of other human impulses and desires may be less fixed than has been commonly supposed."

As a mother at home and one who writes frequently about the pandemonium of modern attempts at socialization, I think Eberstadt's insight can be taken one step beyond. A society breeds the sort of mother it requires, as indeed it tends to modify every other sort of "worker" to fill its ranks. In turn these mothers rear children with socially desirable characteristics. In imperial England and nineteenth-century America, where our current (outmoded) notions of the nature of motherhood arose and became fixed, the sort of person desired was reverent, conscientious, generally idealistic, respectful of authority yet with a strong independent streak, self-disciplined, and hard-working.

In contrasting these traits with those of typical modern Americans, it is clear that what has really changed is the sort of individual that society now demands. The teenage killers and suicides may represent the extreme "collateral damage" of this process, but the basic type — soulless, callous, profoundly demoralized yet bristling with "attitude," depraved in taste, cynical, unmotivated, antisocial, stupefied by materialism — is the same across the board. This type is well suited to a world without borders — without the borders of family bond, religious belief, sovereign nationality, regional pride, or specific historical memory, without the borders that protect the human being from "mass" annihilation. This type may go on the occasional killing spree or commit suicide in impressive numbers — but so what? Who really cares? Just pass more laws, prescribe more pills, and suspend more civil liberties.

Another form we can observe of the new rejection/abandonment model of motherhood is a dramatic decrease in *tenderness* toward children, even the very smallest. Babies are held (when held at all) in a haphazard, careless,

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contemptuous fashion; toddlers who can scarcely stay on their feet are made to stagger at parents' heels across busy crosswalks and through banging doors; children are heard begging and crying and finally wailing hours at a time for an unforthcoming response; and so on. Tenderness, as we very well know, is what gentles us and makes us human. It works on animals, too; called "taming" or "petting," tender loving treatment can render even cats almost heartbreakingly human.

The abandonment of our children, then, is deliberate, and designed, however unconsciously, to prepare them for a dehumanized mass society where shriveled, darkened inner selves make bearable an outer reality stripped of freedom and meaning. It follows that rearing your children with soul and tenderness is one of the most revolutionary acts anyone can perform.

MARIAN KESTER COOMBS
Crofton, Md.

SIR, — Mary Eberstadt writes wistfully on the crisis of families from a mother-centered perspective typical of academia, one that is part of the problem instead of part of the solution. She is certainly correct that there is a "cultural code of silence" on issues raised by the movement of mothers into the workplace in the last 30 to 50 years, but she herself is curiously silent on the equally important issue of a previous movement of fathers into the workplace in the last few centuries, as mankind (particularly in the West) shifted from a family-centered Agricultural Age to an Industrial Age where most of the "work" of mankind was concentrated in factories and offices. What we have been witnessing in family policy in the past 30 to 50 years is mostly the effect of a shift to a post-Industrial Age, in which women are equally qualified for most jobs, as artificial energy sources increasingly replace the need for human muscle-power in providing for the material needs of mankind.

In this light, the deepest force driving the crisis of families is not cultural evolution or minor technical advances like the birth-control pill, but the laws of free-market economics. As for the pill, mankind has known about and practiced various forms of birth-control since the dawn of human history. The pill may be convenient and relatively safe, but abstinence remains the best form of birth control ever devised. Abstinence is also the basis of stable families and a core issue of morality, a common sense observation on which Eberstadt is also curiously silent. Eberstadt dances around this issue in expressions of concern about unsupervised latch-key children experimenting with sex and the influence of pornography on the internet. The whole point of her article is concern about the need of children for adult guidance, but she herself is unwilling to stake any claim to the moral authority that is the only possible justification for adult guidance of children.

It may be that the traditions of academia properly emphasize "professional objectivity" over its antithesis of moral authority, but the fact remains that adults generally have more experience of life than children (most of it hard-learned). A cultural evolution that places barriers of time and distance between parents and their children can only impede transmission of hard-learned lessons of life to the next

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generation, and appears to be part of the process of breakdown of social order and a descent into barbarism that we are witnessing. If the cause of this process is primarily economic, guilt-tripping mothers to stay home with their children is unlikely to have significant impact on decisions mothers make.

But a more significant factor that Eberstadt's analysis remains almost silent on is that the post-Industrial Age also offers opportunities for fathers to reengage with their children, as the drudgery and exhaustion of factory and office life are replaced by a decentralized economy of individual initiative, many of whose functions can be performed full- or part-time by computers from the home. While Eberstadt's mother-centered analysis appears to be "progressive" in a certain sense, at its core lies the chauvinistic assumption that mothers are the primary source of civilizing effects on children. Her comments about "maternal instinct" indicate awareness that mothers have an important role to play here, but she appears oblivious to the possibility that fathers might have equal "paternal instincts."

Indeed, in her comment about "problematic 'male instinct'" and fatherhood as a "social construction" in the following passage, she is speaking about fathers almost as if they were aliens on this planet:

> Much has been made, particularly in an era enamoured of evolutionary psychology and related reductionist theories, of the "social construction" of fatherhood — meaning the way in which cultural norms must step in to fill the gap between problematic "male instinct," on the one hand, and what society believes to be proper paternal care of one's offspring, on the other. Perhaps something unexpectedly profound has come to be taken for granted here.

In the view of the American Coalition of Fathers and Children, we don't see any "problematic male instinct." Most fathers are still doing what they have always done since the dawn of human history, going out into the world to bring home the bacon and protecting their families as best they can from the slings and arrows of fortune. If any problem exists, it is mostly in the minds of the radical feminist movement, with its glorification of women and paranoid disconnect from the ordinary reality of most men, as well is its disconnect from the ordinary reality of most women.

If any problems exist in potential malfunctions of "male instincts," they are certainly no more severe than comparable malfunctions of "maternal instincts," where mothers sometimes drown their children in bathtubs, or by driving into a lake. But fortunately the overwhelming majority of both mothers and fathers are not mentally ill, and these extremes don't tell us much about ordinary reality for either gender.

The radical feminist movement is primarily an artifact of the Industrial Age, in which the demands of factory and office life separated fathers from their families for long periods of time, and broke channels of communication between mothers and fathers, as much as it broke channels of communication between fathers and their children. In the Agricultural Age that preceded the

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Industrial Age (and that still dominates most of the Second and Third Worlds), a mother knew perfectly where the father of her children was: out in the fields near home working to feed his family. The older children were out there, too, or home with their mother cooking and weaving. At times of high labor demand such as harvest, the whole family would be out in the fields together, including mothers and young children. The modern radical feminist movement was impossible in the Agricultural Age, because most women knew too much about the reality of the men in their lives to fall into the paranoid vilification of men. Even today, although most women (as well as most men) support equality for women in the workplace, most women (as well as most men) reject radical feminism as "going too far."

Most men regard the claims of radical feminism with a kind of mild amusement, because they can't believe that any intelligent person would take it seriously, and because they simply don't have time to waste talking endlessly about the "oppression of women." They are too busy working to support their families.

Meanwhile, an elephant is sitting on the table that Eberstadt fails to notice, namely that the most serious problem of latch-key children is not mother-absence, but father-absence. By far the greatest untapped resource for much needed increased contact between parents and their children is fathers. Until we grant fathers comparable rights to be in the family that we have granted to women in the workplace, we should not expect to see the current slide of Western culture reversed.

David A. Roberts
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Arnold, Md.

Letters to the Editor

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